Appendix 1

Single Submission Form

Common Document for Submission to Regulatory, Listing, and Registration Authorities, and Market Institutions for the Issuance of Notes under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF)

ASEAN+3 Bond Market Forum (ABMF) Initiative

Single Submission Form

Contents

I. General Information for Single Submission Form

Common Document for Submission to Regulatory, Listing, and Registration Authorities, and Market Institutions for Issuance of Notes under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) to be submitted by Issuer(s) to Regulatory, Listing, and Registration Authorities, and Market Institutions for Regulatory Process(es) as applicable:

Date of Submission:	**[ ]**
Issuer's Name:	**Perpetual (Asia) Limited (in its capacity as trustee of First Real Estate Investment Trust ("First REIT"))**
Issuer's Address:	**8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981**

Issuer's Representative's Signature: ________________________________

Issuer's Representative's Name:

Issuer's Representative's Title and Status: Authorised Persons

1. Authorities and market institutions applied to for an approval and profile listing or registration in each market

Targeted Market	Regulatory, Listing, or Registration Authority, and Market Institution		Purpose of Submission	Tick
Cambodia	1-1.	Securities and Exchange Commission of Cambodia (SECC)	Approval	
	1-2.	National Bank of Cambodia (NBC)	Approval	
	1-3	Cambodia Securities Exchange (CSX)	Submission for Listing	
People's Republic of China (CIBM)	2-C1.	People's Bank of China (PBOC)	Approval	
	2-C2.	National Association of Financial Market Institutional Investors (NAFMII)	Submission for Registration	
People's Republic of China (Exchange)	2-E1.	Shanghai Stock Exchange (SSE)	Submission for Examination for Issuance and Review for Listing/Enrolment	
		Shenzhen Stock Exchange (SZSE)		
	2-E2.	Shanghai Stock Exchange (SSE)	Submission for Listing/Enrolment	
		Shenzhen Stock Exchange (SZSE)		
	2-E3.	Securities Association of China (SAC)	Submission for Post-Issuance Reporting	

Hong Kong, China	3-1.	Hong Kong Exchanges and Clearing Limited (HKEx)	Submission for Listing	
	3-2.	Hong Kong Monetary Authority (HKMA)—Central Moneymarkets Unit (CMU)	Approval	
Indonesia	4-1.	Indonesian Financial Services Agency (OJK)	Approval	
	4-2.	PT Kustodian Sentral Efek Indonesia (KSEI)	Approval	
Japan	5.	Tokyo Stock Exchange (TSE)—TOKYO PRO-BOND Market	Submission for Listing	
Republic of Korea	6-1.	Korea Exchange (KRX)	Submission for Listing	
	6-2.	Korea Financial Investment Association (KOFIA)	Submission for Registration	
Lao People's Democratic Republic	7-1.	Securities and Exchange Commission Office (SCC)	Approval	
	7-2.	Bank of Lao PDR	Approval	
Malaysia	8-1.	Securities Commission Malaysia	Lodgement of Documents and Information under the Lodge and Launch Framework	
	8-2.	Bank Negara Malaysia (BNM)	Request for Approval (for Purposes of Foreign Exchange Administration)	
Myanmar	9-1.	Securities and Exchange Commission	Approval	
	9-2.	Central Bank of Myanmar	Approval	
Philippines	10-1.	Securities and Exchange Commission of the Philippines (PH SEC)	Submission of Notice of Exemption	
	10-2.	Bangko Sentral ng Pilipinas (BSP)	Request for Approval	
	10-3.	Philippine Dealing & Exchange Corp. (PDEx)	Enrolment for Listing cum Trading	

	10-4.	Philippine Depository & Trust Corp. (PDTC)	Approval	
Singapore	11-1.	Singapore Exchange Securities Trading Limited (SGX)	Submission of Application for Listing	X
	11-2.	Central Depository Pte Ltd.(CDP)	Approval	X
Thailand	12-1.	The Securities and Exchange Commission, Thailand (Thai SEC)	Filing for Approval	
	12-2.	Public Debt Management Office (PDMO) of the Ministry of Finance	Request for Approval	
	12-3.	Thai Bond Market Association (ThaiBMA)	Submission for Registration	
	12-4.	Bank of Thailand (BoT) *(only if issuer is a financial institution and the use of proceeds is for capital requirements)*	Request for Approval	
	12-5.	Thailand Securities Depository (TSD)	Approval	
Viet Nam	13-1.	Ministry of Finance (MOF)	Notification	
	13-2.	State Bank of Vietnam (SBV)	Approval	
	13-3.	Hanoi Stock Exchange (HNX)	Submission of Application for Profile Listing	

2. **Issuer's Domicile:**

Issuer's Domicile (Home Jurisdiction)	No.*	Resident in
	1	(In respect of First REIT) Singapore

* Enumeration in case of multiple issuer domiciles

3. **Issuer's Parent Company's Jurisdiction:**

Issuer's Parent Company's Jurisdiction	n/a

4. **Type of Submission:**

		Tick
Type-P	Note Issuance Program:	
Type-S	Shelf-Registration: *(regulatory system of collective registration of the total amount of the note issuances that can be executed within a certain period of time)*	
Type-A	Stand-Alone Issuance:	X
Type-D	Drawdown Issuance from the Note Issuance Program or	

	Shelf-Registration:	

5. Distinction of the Form:

		Tick
N.	New:	X
R.	Renewal (details are described below):	
A.	Amendment (details are described below):	

6. Targeted Professional Investor Markets in ASEAN+3:

No.	Targeted Professional Investor Market*		Tick
1.	**Cambodia: Targeted Offers to Qualified Investors**		
2-1.	People's Republic of China: Inter-Bank Bond Market (CIBM)		
	● Targeted Placements (PP) of Debt Financing Instruments to Specified Institutional Investors* (*: Institutional Investors who are designated by the issuer and the lead underwriter)		
	● Targeted Placements (PP) of Debt Financing Instruments to Specialized Institutional Investors** (**: Institutional Investors selected by NAFMII; a list of 120 institutions, to be reviewed periodically)		
2-2.	**People's Republic of China: Exchange Bond Market**		
	● **Offering to Qualified Investors**	**Qualified Investors**	
		Qualified Institutional Investors	
	● **Non-public placement to Qualified Investors (Private Placement)**		
3.	**Hong Kong, China: Professional Investors Only Market**		
4.	Indonesia: (Offering to Professional Investor)		
	Non-Public Offering (Private Placement)		
5.	**Japan: TOKYO PRO-BOND Market (Professional Investor Market)**		
6.	**Republic of Korea: QIB Market**		
7.	(Lao People's Democratic Republic: PP Market)		
8.	**Malaysia: Excluded Offers – Sophisticated Investors Market**		
9.	(Myanmar: PP Market)		
10.	**Philippines: Qualified Buyers' Market**		
11.	**Singapore: Wholesale Market (Institutional Investors Market)**		X

12.	**Thailand: PP-II Regime**	
13.	Viet Nam: PP (Institutional Investors) Market	

AI = Accredited Investors, PP = Private Placement, PP-II = Private Placement to Institutional Investors.
* Markets that were not yet active at end-April 2019 are in parentheses. Those markets that had defined professional bond markets suitable for AMBIF at end-April 2019 are in **boldface type**.

7. Denominated Currency of the Notes:

No.	Denominated Currency of the Notes (ISO 4217 Code)		Tick
1.	KHR (Cambodia)		
	USD (Cambodia)		
2.	CNY	CNH: (HKMA-CMU settled)	
		CNH: (other than HKMA-CMU settled:)	
3.	HKD		
4.	IDR		
5.	JPY		
6.	KRW		
7.	LAK		
8.	MYR		
9.	MMK		
10.	PHP		
11.	SGD		X
12.	THB		
13.	VND		
14.	USD		

8. Clearing and Settlement:

No.	Denominated Currency of the Notes	Name of Central Depository	Name of Depository System	Distinction of DVP, Non-DVP, or N.A.
	SGD	The Central Depository (Pte) Limited	The Central Depository (Pte) Limited	Non-DVP

9. Place of Disclosure:

No.	Name of the Place of Disclosure
1	Singapore Exchange Securities Trading Limited ("**SGX-ST**") The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions or reports contained in the Offering Circular as attached hereto in Section VI ("**Offering Circular**"). Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, First REIT Management Limited (as manager of First REIT) (the "**First REIT Manager**"), First REIT, the Guarantor (as

	defined herein), their respective subsidiaries (if any) or associated companies or the Bonds.

Detailed explanation of the profile listing or registration, if necessary: n/a

10. Other Important Matters:

No.	Jurisdiction (Market)	Important Matter
1.	Cambodia	
2-1.	People's Republic of China - CIBM	
2-2.	People's Republic of China – Exchange Market	
3.	Hong Kong, China	See Part IV, Section 2, point 11 (Selling Restrictions at Issuance) of this form.
4.	Indonesia	
5.	Japan	See Part IV, Section 2, point 11 (Selling Restrictions at Issuance) of this form.
6.	Republic of Korea	
7.	Lao People's Democratic Republic	
8.	Malaysia	
9.	Myanmar	
10.	Philippines	
11.	Singapore	See Part IV, Section 2, point 11 (Selling Restrictions at Issuance) of this form.
12.	Thailand	
13.	Viet Nam	

14.	Other (if any)	The United States and the United Kingdom - See Part IV, Section 2, point 11 (Selling Restrictions at Issuance) of this form.

II. Issuer Information

(If two or more issuers intend to jointly establish a note issuance program, describe information for each of the issuers.)

Method of describing Issuer Information* *(An issuer can choose one method of describing as set forth below.)*		**Tick**
A.	Fully describe Issuer Information	X
B.	Specify the documents and places where AMBIF Investors are able to access the documents and designate them as Documents Incorporated by Reference	
C.	A combination of A and B above	

* An issuer can also choose not to designate Financial Information of the issuer as Documents Incorporated by Reference provided the issuer discloses its financial information in English in the Home Jurisdiction. For example, in case the issuer has continuously disclosed English annual reports that contain consolidated financial statements with independent auditor reports, the issuer may state such facts below and describe how AMBIF Investors can access such annual reports (e.g., via a website).

1. Information on the Issuer:

1.	Name of Issuer:	Perpetual (Asia) Limited (in its capacity as Trustee of First Real Estate Investment Trust)
2.	Name and Title of Representative:	
3.	Address (Registered or Business Address):	8 Marina Boulevard, #05-02 Marina Bay Financial Centre, Singapore 018981
4.	Liaison Contact Person:	Sin Li Choo
5.	Telephone and e-Mail:	6809 8203
6.	Business Registration No. (if any):	200518022M
7.	Date and Place of Incorporation:	Singapore
8.	Authorized and Paid-up Capital:	S$9,024,811
9.	Trends of Key Financial Data:	See First REIT's audited financial statements set forth in the Offering Circular.
10.	Description of Business: *(nature of business of the issuer in the domestic economy, if any)*	See "Business Description of First REIT" set forth in the Offering Circular.
11.	Risk Factors: *(including risks related to the issuer's business, operations, and regulatory environment)*	See "Risk Factors" set forth in the Offering Circular.
12.	Board of Directors:	See "Business Description of First REIT – Management and Corporate Governance of First REIT" set forth in the Offering Circular.

13.	Controlling Shareholders or, in the Case of a Public Company, Names of Major Shareholders:	See First REIT's audited financial statements set forth in the Offering Circular.
14.	Status of Affiliates:	See First REIT's audited financial statements set forth in the Offering Circular.
15.	Website for Disclosure (if any):	Information about the Bonds will be disclosed on the website of SGX-ST.

2. Financial Information on the Issuer:

1.	Consolidated Financial Statements: (i) Consolidated Balance Sheet (ii) Consolidated Income Statement and Consolidated Comprehensive Income Statement, or Statement of Consolidated Income and Comprehensive Income (iii) Consolidated Statement of Changes in Shareholders' Equity (iv) Consolidated Cash Flow Statement (v) Independent Auditor's Report (vi) Accompanied Notes	(i) The audited consolidated financial statements of First REIT as at and for the years ended 31 December 2019 and 31 December 2020 which have been audited by RSM Chio Lim LLP, and (ii) the audited consolidated financial statements of First REIT as at and for the year ended 31 December 2021 which have been audited by KPMG LLP, are attached to the Offering Circular.
2.	Other Matters	
	● Subsequent Events:	See "Business Description of First REIT – Recent Developments – The Japan Acquisitions" set forth in the Offering Circular.
	● Litigations:	n/a

* For (i), (ii), and (iii) only

3. Information on the Guarantor or Provider of other Credit Enhancement (if any):

1.	Name:	Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("**CGIF**" or the "**Guarantor**")
2.	Address:	Asian Development Bank Building, 6 ADB Avenue, Mandaluyong City 1550, Metro Manila, Philippines
3.	Description of Business:	See "Information on the Guarantor" set forth in the Offering Circular.
4.	Guaranty or Support Agreement Details:	See "Description of the CGIF Guarantee" set forth in the Offering Circular.

4. Financial Information on the Guarantor or Provider of Credit Enhancement:

CGIF's financial statements are prepared and presented in accordance with International Financial Reporting Standards and audited by Deloitte & Touche LLP. The Independent Auditors' Report and Financial Statements for the years ended 31 December 2019 and 2020 of CGIF are available at the following website page:

http://www.cgif-abmi.org/investors/financial-statements

III. Information on the Program or the Shelf-Registration

n/a

IV. Information on the Notes

1. Summary of the Terms and Conditions of the Notes or Final Terms of Individual Issuance of Bonds/Notes:

(This section may be used for describing the information of individual issuance of bonds/notes for Type-D submissions.)

1.	Issuer(s):	Perpetual (Asia) Limited (in its capacity as trustee of First Real Estate Investment Trust)
2.	2-1.Guarantor (if any):	Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("**CGIF**")
	2-2.Provider of Support Agreement (if any):	n/a
3.	Name of the Notes:	S$[●] [●] per cent. guaranteed bonds due [●].
4.	Aggregate Amount of the Notes (Issue Amount):	S$[●].
5.	Form of Notes:	The Bonds are issued in registered form.
6.	Status of the Notes:	See Condition 1(b) of the Bonds set forth in the Offering Circular.
7.	Denomination of the Notes: (i) minimum tradable amount (ii) multiple tradable amount	The Bonds are denominated in Singapore dollars, with a denomination of SGD250,000 each.
8.	Issue Price:	[●] per cent. of the principal amount of the Bonds.
9.	Offer Price:	[●] per cent. of the principal amount of the Bonds.
10.	Date of Issue:	[●]
11.	Date of Maturities: *(timing of amortization plan ([if any])*	Maturity Date: [●] See "Terms and Conditions of the Bonds – Redemption and Purchase" set forth in the Offering Circular.
12.	Early Redemption: *(with call option, with put option, with call and put exercise dates [if any])*	The terms of the Bonds contain early redemption provisions. See Conditions 6(b) and 6(c) of Bonds set forth in the Offering Circular.
13.	Type of Notes: *(fixed-rate notes)* *(floating-rate notes)* *(zero-coupon notes)*	The Bonds will bear interest at a fixed rate.
14.	Interest or Coupon Rate:	See Condition 5(a) of the Bonds set forth in the Offering Circular.
15.	Interest or Coupon Payment Method: *(record date rule, interest payment frequency, interest calculation frequency, first interest payment date, and timing of interest payment)*	See Condition 5(c) of the Bonds set forth in the Offering Circular.

16.	Negative Pledge:	The terms of the Bonds contain a negative pledge provision. See Condition 3 of the Bonds set forth in the Offering Circular.
17.	Cross Default:	The terms of the Bonds contain a cross-acceleration provision. See Condition 9(a)(iii) of the Bonds set forth in the Offering Circular.
18.	Governing Law and Jurisdiction*:	The Bonds, the Trust Deed and the Agency Agreement are governed by, and shall be construed in accordance with, Singapore law. See Condition 16 of the Bonds set forth in the Offering Circular. The CGIF Guarantee and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
19.	Special Withholding Tax Applied to Financial Institutions including FATCA (if any):	See "Taxation – Foreign Account Tax Compliance Act" set forth in the Offering Circular.

** Governing law and jurisdiction, with respect to the Terms and Conditions of the Notes, will be those agreed among the contract parties, subject to applicable laws and regulations.*

2. Other Information of the Notes:

1.	Dealers and/or Underwriters or Equivalent: *(for example, Principal Advisor [MY] or Financial Advisor [TH])*	CIMB Bank Berhad, Singapore Branch, ING Bank N.V., Singapore Branch and Oversea-Chinese Banking Corporation Limited
2.	Trustee or Equivalent (if any): *(Bond Administrator, Commissioned Company or Person, Bondholders Representative)*	The Bank of New York Mellon, Singapore Branch
3.	Fiscal Agent:	n/a
4.	Paying Agents:	The Bank of New York Mellon, Singapore Branch
5.	Registrar and Transfer Agent:	The Bank of New York Mellon, Singapore Branch
6-1.	Other Agent: ( ):	n/a
6-2.	Other Agent: ( ):	n/a
6-3.	Other Agent: ( ):	n/a
7.	Listing, Registration, or Filing Place(s) of the Notes: *(See I.-6.Place of Disclosure.)*	The Bonds are expected to be listed on the SGX-ST.
8.	Settlement Place(s) of each Denominated Currency Notes: *(See I.-5.Clearing and Settlement.)*	1. Singapore Dollars (SGD) The Central Depository (Pte) Limited

9.	Use of Proceeds:				
	1.	Amount of Proceeds from Sale of Notes:	See "Use of Proceeds" set forth in the Offering Circular.		
	2.	Use of Proceeds [and Timing of Disbursement]: *(may include rationale or justification)*	See "Use of Proceeds" set forth in the Offering Circular.		
10.	Risk Factors relating to the Notes:		See "Risk Factors" set forth in the Offering Circular.		
11.	Selling Restrictions at Issuance: See "Subscription and Sale" set forth in the Offering Circular. *(Notes shall not be sold, offered for sale, or distributed to nonprofessional investors in ASEAN+3.)*				
	1.	**United States** The Bonds and CGIF Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder. Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds, (a) as part of their distribution at any time or (b) otherwise, until forty (40) days after the later of the commencement of the offering and the issue date of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. In addition, until forty (40) days after commencement of the offering, an offer or sale of Bonds within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.				
	2.	**United Kingdom** Each Joint Lead Manager has represented and agreed that: (a) it has only communicated or caused to be communicated and				

will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

3. **Singapore**

Each Joint Lead Manager has acknowledged that the Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

		(ii) where no consideration is or will be given for the transfer; (iii) where the transfer is by operation of law; (iv) as specified in Section 276(7) of the SFA; or (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore. Any reference to the SFA is a reference to the Securities and Futures Act 2001 and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time. **Singapore SFA Product Classification**: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).
	4.	**Hong Kong** Each Joint Lead Manager has represented and agreed that: (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to 'professional investors' as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO, or (b) in other circumstances which do not result in the document being a 'prospectus' as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds and the CGIF Guarantee, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds and the CGIF Guarantee which are or are intended to be disposed of only to persons outside Hong Kong or only to 'professional investors' as defined in the SFO and any rules made under the SFO.
	5.	**Japan** The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, the Joint Lead

		Managers represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Bonds in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.
	Selling Restrictions Thereafter: *(Notes shall not be sold, offered for sale, or distributed to nonprofessional investors in ASEAN+3.)*	
	1.	As directly above.
	2.	
12.	Credit Rating for the Notes:	The Bonds are expected to be rated AA by S&P. A security rating is not a recommendation to purchase, hold or sell the Bonds as such rating does not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgement, circumstances so warrant. See "Risk Factors – Risks Relating to the Bonds – Credit ratings may not reflect all risks and the ratings assigned to the Bonds may be lowered or withdrawn in the future" set forth in the Offering Circular.

13-1.	Legal Adviser(s) to the Issuer(s):	Legal advisers to the First REIT Manager and the Issuer as to Singapore law: Allen & Gledhill LLP Legal advisers to the First REIT Manager and the Issuer as to Indonesian law: Melli Darsa & Co.
13-2.	Legal Adviser(s) to the Dealer(s):	Legal advisers to the Joint Lead Managers as to Singapore and English law: Clifford Chance Pte. Ltd.
13-3.	Legal Adviser(s) to the Guarantor:	Legal advisers to the Guarantor as to English law: Shearman & Sterling LLP Legal advisers to the Guarantor as to

		Singapore law: Rajah & Tann Singapore LLP Legal advisers to the Guarantor as to Indonesian law: Soemadipradja & Taher
14.	Method of Distribution: *(Subject to applicable selling restrictions. For example, notes may be distributed [only to professional investors] on a syndicated or non-syndicated basis, and also in case of THB-denominated bonds and notes.)*	[Subject to selling restrictions on a non-syndicated basis.]
15.	Outstanding Debt from Previous Issues of Bonds and Notes : *(for example, in case of THB-denominated bonds and notes)*	n/a
16.	Cross Currency Swap Information: *(for example, in case of issuance by nonresident, including intermediaries, if possible, and currencies, as and where necessary)*	n/a
17.	Timing of Bond Issuance: *[for example, in case of Baht Bond issued by non-Thai resident [Public Debt Management Office authorized period])*	[●]
18.	Other: *("final terms" for drawdown)*	n/a

V. Terms and Conditions of the Notes

(This section is used for describing in detail the Terms and Conditions of the Notes for Program, Shelf-Registration, and Stand-Alone Notes.)

(Samples of the Terms and Conditions of the Notes [for the Program, Shelf-Registration, and Stand-Alone Notes] will be included in the AMBIF Implementation Guideline for each participating market.)

VI. Attachments

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES. THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: **You must read the following disclaimer before continuing**. The following disclaimer applies to the attached document (the "**Document**") received by e-mail or otherwise received as a result of electronic communication, and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of this Document. In accessing the Document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer, the First REIT Manager, First REIT and/or the Joint Lead Managers (each as defined in this Document) as a result of such access. You acknowledge that access to this Document is intended for use by you only and you agree you will not forward or otherwise provide access to any other person.

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SUBJECT TO AMENDMENT AND COMPLETION
PRELIMINARY OFFERING CIRCULAR

DATE 25 MARCH 2022
STRICTLY CONFIDENTIAL

FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

(A real estate investment trust constituted on 19 October 2006 under the laws of the Republic of Singapore)

S$[●][●] PER CENT. GUARANTEED BONDS DUE [●]
UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY

CGIF Credit Guarantee & Investment Facility
An Asian Bond Markets Initiative

CREDIT GUARANTEE AND INVESTMENT FACILITY, A TRUST FUND OF THE ASIAN DEVELOPMENT BANK

Issue Price: [●] per cent.

The S$[●] in aggregate principal amount of [●] per cent. Guaranteed Bonds due [●] (the "**Bonds**") to be issued by Perpetual (Asia) Limited (in its capacity as trustee of First Real Estate Investment Trust ("**First REIT**")) (the "**Issuer**" or the "**First REIT Trustee**") will mature on [●] (the "**Maturity Date**"). The payment obligations of the Issuer in respect of all scheduled principal and interest payments when due under the Bonds and the Trust Deed (as defined in the terms and conditions of the Bonds (the "**Conditions**")) will be unconditionally and irrevocably guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("**CGIF**" or the "**Guarantor**", and such guarantee, the "**CGIF Guarantee**") to the extent of, and in accordance with and subject to the terms of, the CGIF Guarantee.

The Bonds will bear interest on their outstanding principal amount from time to time (as determined in accordance with the Conditions). The Bonds will bear interest from (and including) [●] at the rate of [●] per cent. per annum, payable semi-annually in arrears on [●] and [●], in each year, commencing on [●]. Unless previously redeemed or purchased and cancelled as provided in the Terms & Conditions of the Bonds, the Issuer will redeem the Bonds on the Maturity Date.

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*) of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future. The payment obligations of the Issuer in respect of all scheduled principal and interest payments when due under the Bonds and the Trust Deed are unconditionally and irrevocably guaranteed by the Guarantor to the extent of, and in accordance with and subject to the terms of, the CGIF Guarantee. Such obligations of the Guarantor under the CGIF Guarantee are direct, unconditional and general obligations of the Guarantor and rank *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

In addition, at any time following the occurrence of a CGIF Acceleration Event (as defined in the Conditions), the Guarantor may at its discretion, on giving not less than seven nor more than 15 days' notice to the Issuer, the Trustee and the Paying Agent (both as defined in the Conditions), require the Issuer to redeem the Bonds in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption following which the Issuer shall immediately, or if the Issuer fails to do so the Guarantor may, give notice to the Bondholders, the Trustee and the Paying Agent in accordance with the Conditions (which notice shall be irrevocable).

For a description of these and certain further restrictions on offers, sales and resales of the Bonds and the CGIF Guarantee and the distribution of this Offering Circular, see the section entitled "***Subscription and Sale***".

The Bonds are expected to be rated AA by S&P Global Ratings, a division of S&P Global Inc. ("**S&P**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in the Bonds involves risks. For a description of certain risks to be considered in connection with an investment in the Bonds, see the section entitled "*Risk Factors*" beginning on page 5.

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("**MAS**") and the Bonds are offered by the Issuer pursuant to exemptions provided under Sections 274 and 275 of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA. Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The Bonds will be issued in registered form and in the denomination of S$250,000 each. The Bonds will initially be represented by a global certificate in registered form (the "**Global Certificate**"), which will be deposited with The Central Depository (Pte) Limited (the "**CDP**") on or about [●] (the "**Issue Date**"). The transfer of Bonds will be effected in accordance with the rules and procedures for the time being of CDP.

Application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions or reports contained in this Offering Circular. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, First REIT Management Limited (as manager of First REIT) (the "**First REIT Manager**"), First REIT, the Guarantor, their respective subsidiaries (if any) or associated companies or the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of S$250,000 (or its equivalent in other currencies) for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. There is currently no market for the Bonds.

The Bonds and the CGIF Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any other jurisdiction. The Bonds and the CGIF Guarantee may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account of benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds and the CGIF Guarantee are being offered and sold outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). For a description of these and certain further restrictions on offers, sales and transfers of the Bonds and the CGIF Guarantee and distribution of this Offering Circular, see the section entitled "***Subscription and Sale***".

Joint Lead Managers

CIMB Bank Berhad, Singapore Branch	**ING Bank N.V., Singapore Branch**	**OCBC Bank**

The date of this Offering Circular is [●] 2022

IMPORTANT NOTICE

The Issuer confirms that this Offering Circular (other than the section entitled "***Information on the Guarantor***") contains as of its date of issue all information with respect to it (in its personal capacity as well as in its capacity as trustee of First REIT), First REIT and the assets of First REIT (the "**First REIT Sections**") and to the Bonds which is (in the context of the issue, offering and sale of the Bonds) material and does not, as of its date of publication, contain any untrue statement of a material fact nor does it, as of such date, omit to state any material fact relating to the First REIT Sections necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Any opinions, predictions or intentions expressed in this Offering Circular (other than the section entitled "***Information on the Guarantor***") are as of such date honestly held or made; and all reasonable enquiries have been made to ascertain or verify all material facts for the purpose of the foregoing.

The First REIT Manager confirms that this Offering Circular (other than the section entitled "***Information on the Guarantor***") contains as of its date of issue all information with respect to it which is (in the context of the issue, offering and sale of the Bonds) material and does not, as of its date of publication, contain any untrue statement of a material fact nor does it, as of such date, omit to state any material fact necessary to make the aforementioned statements therein, in the light of the circumstances under which they were made, not misleading. Any opinions, predictions or intentions expressed in this Offering Circular (other than the section entitled "***Information on the Guarantor***") are as of such date honestly held or made; and all reasonable enquiries have been made to ascertain or verify all material facts for the purpose of the foregoing.

The Guarantor confirms that as of its date of issue, the information contained in the section entitled "***Information on the Guarantor***" of this Offering Circular is true and accurate in all material respects and is not misleading in any material respect and the section entitled "***Information on the Guarantor***" of this Offering Circular does not omit to state any material fact necessary to make such information relating to the Guarantor (in the context of the giving of the CGIF Guarantee) not misleading in any material respect; and all proper enquiries were made by the Guarantor to ascertain or verify the foregoing.

This Offering Circular has been prepared by the Issuer, the First REIT Manager and the Guarantor solely for use in connection with the issuance and offering of the Bonds described herein. The Joint Lead Managers reserve the right, for any reason, to reject any offer to subscribe for the Bonds, in whole or in part.

The distribution of this Offering Circular and the offering, sale or delivery of the Bonds in certain jurisdictions may be restricted by law. Persons who acquire this Offering Circular are required by the Issuer, the First REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee and the Agents to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and the distribution of this Offering Circular, see the section entitled "***Subscription and Sale***". This Offering Circular does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer, invitation to subscribe or purchase, or solicitation is not authorised or would be unlawful. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. Nothing contained in this Offering Circular is, or shall be relied upon as a promise or representation, whether as to the past or the future.

No person has been authorised to give any information or to make any representation concerning the Issuer, First REIT, the Guarantor, the Bonds or the CGIF Guarantee other than those included in this Offering Circular in connection with the issuance, offering or sale of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the First REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication or constitute any representation that there has been no change in the affairs of the Issuer, First REIT, the First REIT Manager or the Guarantor or that there has been no adverse change in the financial position of the Issuer, First REIT, the First REIT Manager or the Guarantor since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or create an implication that any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Information in respect of the Guarantor contained in this Offering Circular has been provided by the Guarantor and has not been verified by the Issuer or the First REIT Manager, and the Issuer and the First REIT Manager do not take any responsibility, express or implied, for any information contained in the section entitled "***Information on the Guarantor***". The Issuer and the First REIT Manager have not taken any steps to verify the accuracy of any of the information contained in the section entitled "***Information on the Guarantor***", and no representation or warranty, express or implied, is made by the Issuer or the First REIT Manager as to the accuracy or completeness of the information contained in that section.

Information in respect of the Issuer and the First REIT Manager contained in this Offering Circular has been provided by the Issuer and the First REIT Manager, and has not been verified by the Guarantor. None of the Guarantor, its management nor its employees take any responsibility, express or implied, for any information contained in this Offering Circular, other than the information contained in the section entitled "***Information on the Guarantor***". In addition, none of the foregoing parties has taken any steps to verify the accuracy of any of the information included in this Offering Circular, other than the information contained in the section entitled "***Information on the Guarantor***", and no representation or warranty, express or implied, is made by any such parties as to the accuracy or completeness of the information contained in this Offering Circular other than the section entitled "***Information on the Guarantor***".

None of the Joint Lead Managers, the Guarantor, the Trustee and the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Circular. None of the Joint Lead Managers, the Trustee and the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers has independently verified any of such information and assumes no responsibility for its accuracy or completeness. Each person receiving this Offering Circular acknowledges that such person has not relied on the Issuer, the First REIT Manager, the Joint Lead Managers, the Guarantor, the Trustee and the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers in connection with its investigation of the accuracy of such information or its investment decision. Neither this Offering Circular nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the First REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers that any recipient of this Offering Circular, or any other information supplied in connection with the offering of the Bonds, should purchase the Bonds. Each person contemplating making an investment in the Bonds must make its own investigation and analysis of the Issuer's, the First REIT Manager's and the Guarantor's creditworthiness and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment. No person should construe the contents of this Offering Circular as legal, business or tax advice and each person should be aware that it may be required to bear the financial risks of any investment in the Bonds for an indefinite period of time. Each person should consult its own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of an investment in the Bonds. To the fullest extent permitted by law, none of the Joint Lead Managers, the Guarantor, the Trustee and the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers accepts any responsibility for the contents of or any omission from this Offering Circular or for any statement made or purported to be made by it or on its behalf with respect to the Issuer, the First REIT Manager, First REIT or the offering and issuance of the Bonds for so long as the Bonds remain outstanding nor undertake to advise any investor or potential investor of the Bonds of any information coming to the attention of any of the Joint Lead Managers, the Guarantor, the Trustee, the Agents or their respective affiliates, officers, representatives, directors, employees, agents or advisers. Each of the Joint Lead Managers, the Guarantor, the Trustee and the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers accordingly disclaims any and all liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the First REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers to subscribe for or purchase, any Bonds in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorised or to any person to whom it is unlawful to make such offer, invitation or solicitation.

None of the Issuer, the First REIT Manager, the Guarantor, the Joint Lead Managers nor or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers makes any representation to any investor regarding the legality of an investment by such investor under applicable laws. Investors should not consider any information in this Offering Circular to be legal, business and tax advice regarding an investment in the Bonds. See the section entitled "***Risk Factors***" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Issuer, the First REIT Manager and the Joint Lead Managers are relying on the exemption from registration under the Securities Act provided by Regulation S for offers and sales of securities made outside the United States. The Bonds and the CGIF Guarantee have not been registered under the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may be offered or sold only in transactions that are exempt from or not subject to, the registration requirements of the Securities Act and any other applicable laws.

Each purchaser of the Bonds must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Bonds or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of such Bonds under the laws and regulations in force in any jurisdictions to which it is subject or in which it makes such purchases, offers or sales and none of the Issuer, the First REIT Manager, the Guarantor and the Joint Lead Managers shall have any responsibility therefor.

The Joint Lead Managers and any of their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer, the First REIT Manager, First REIT or the Guarantor or their respective subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Issuer, the First REIT Manager, First REIT or the Guarantor.

Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult his or her adviser.

EU MIFID II product governance/Professional investors and Eligible Counterparties only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**EU MiFID II**"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer, the First REIT Manager and the Guarantor believe this information to be reliable, this information has not been independently verified by the Issuer, the First REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, officers, representatives, directors, employees, agents or advisers, and none of the Issuer, the First REIT Manager, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, officers, representatives, directors, employees, agents or advisers makes any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offer. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

CERTAIN DEFINED TERMS AND CONVENTIONS

All references to the "**Issuer**" or the "**First REIT Trustee**" are references to Perpetual (Asia) Limited (in its capacity as trustee of First REIT) or a replacement trustee appointed in accordance with the trust deed dated 19 October 2006 constituting First REIT, as supplemented, amended or restated from time to time (the "**First REIT Trust Deed**").

All references to the "**First REIT Manager**" are references to First REIT Management Limited, in its capacity as manager of First REIT.

All references to the "**United States**" or "**U.S.**" are to the United States of America. All references to "**Singapore**" are to the Republic of Singapore.

Unless otherwise indicated or required by the context, all references in this Offering Circular to "**U.S. dollars**", "**USD**" or "**US$**" are to United States dollars, the lawful currency of the United States; "**Singapore dollars**" or "**S$**" and "**Singapore cents**" are to Singapore dollars and Singapore cents, the lawful currency of Singapore; "**Indonesian Rupiah**", "**Rupiah**" or "**Rp.**" are to Indonesian Rupiah, the lawful currency of Singapore; and "**Japanese Yen**" or "**JPY**" are to Japanese Yen, the lawful currency of Japan. Rounding adjustments have been made in calculating some of the financial information included in this Offering Circular. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

All references to the "**Agency Agreement**", "**Agent(s)**", "**CGIF Acceleration Event**", "**Registrar**", "**Trust Deed**" (save for specific references to the "**First REIT Trust Deed**"), and "**Trustee**" (save for specific references to the "**First REIT Trustee**") are to such capitalised terms as defined in the Conditions.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains (i) the audited consolidated financial statements of First REIT as at and for the years ended 31 December 2019 and 31 December 2020 which have been audited by RSM Chio Lim LLP ("**RSM**"), and (ii) the audited consolidated financial statements of First REIT as at and for the year ended 31 December 2021 which have been audited by KPMG LLP (collectively, "**First REIT's Audited Financial Statements**").

First REIT's Audited Financial Statements are prepared accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes (the "**CIS Code**") issued by MAS and the provisions of the First REIT Trust Deed. RAP 7 requires that the accounting policies should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("**FRS**"). FRS differs in certain respects from generally accepted accounting principles in other countries, including International Financial Reporting Standards ("**IFRS**"), which differences might be material to the financial information presented herein. Potential investors should consult their own professional advisers for an understanding of the difference between FRS, IFRS and accounting principles in certain other jurisdictions, and how those differences might affect the financial information presented herein.

This Offering Circular also contains certain financial information relating to the Guarantor for the years ended 31 December 2019 and 31 December 2020, which has been extracted from the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2019 and 31 December 2020 (the "**Guarantor's Audited Financial Statements**"). The Guarantor's Audited Financial Statements were prepared in accordance with IFRS and have been audited by Deloitte & Touche LLP ("**Deloitte**").

In making an investment decision, investors must rely upon their own independent examination of the Issuer, the First REIT Manager, First REIT and the Guarantor, the terms of this offering and the recent financial information of First REIT and the Guarantor.

ROUNDING

In this Offering Circular, amounts may have been rounded up or down. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. References to information in billions of units are to the equivalent of a thousand million units.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

This Offering Circular includes words such as "believe", "plan", "expect", "intend", "should", "seek", "estimate" "will", "aim" and "anticipate" and similar expressions that constitute "forward-looking statements".

Such statements are subject to certain risks and uncertainties because they relate to and depend on events and circumstances that may or may not occur. The Issuer and the First REIT Manager caution potential investors that forward-looking statements are not guarantees of future performance and that the actual financial condition, results of operations and cash flows, and prospects of First REIT may differ materially from those made in or suggested by the forward-looking statements included in this Offering Circular. In addition, even if the financial condition, results of operations and cash flows and prospects of First REIT are consistent with such statements, those results or developments may not be indicative of results or prospects in subsequent periods. Actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors, many of which are beyond the control of the Issuer and the First REIT Manager, including:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions;
- other factors beyond the control of the Issuer and/or First REIT; and
- those other risks identified in the "***Risk Factors***" section of this Offering Circular.

These factors, among others, could cause First REIT's actual results to vary materially from those estimated, anticipated or projected. Although the Issuer and the First REIT Manager believe that management's expectations as reflected in such forward-looking statements are reasonable based on information currently available to the Issuer and the First REIT Manager, it cannot be assured that such expectations will be realised. Accordingly, prospective purchasers are cautioned to not place undue reliance on such forward-looking statements and to carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which First REIT operates. Such forward-looking statements speak only as of their dates, and the Issuer and the First REIT Manager undertake no obligation to publicly revise any of them, whether as a result of new information, future events or otherwise, subject to compliance with all applicable laws, including the rules of the SGX-ST. The Issuer and the First REIT Manager urge potential investors to read this Offering Circular, including the sections entitled "***Risk Factors***" and "***Business Description of First REIT***" for a more complete discussion of the factors that could affect the performance of First REIT.

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SUMMARY OF THE OFFERING

*The following is a general summary of the terms of the Bonds and the CGIF Guarantee and it is qualified in its entirety by reference to, and should be read in conjunction, with the section entitled "**Terms and Conditions of the Bonds**" and the Trust Deed. The Trust Deed and the Conditions prevail to the extent of any inconsistency with the general summary set forth in this section. Terms used in this summary and not otherwise defined have the meanings given to such terms in "**Terms and Conditions of the Bonds**".*

Issuer	Perpetual (Asia) Limited (in its capacity as trustee of First REIT).
Legal Entity Identifier	549300SI6X0UQQINB286
Guarantor	Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank.
Bonds Offered	S$[●] in aggregate principal amount of per cent. Guaranteed Bonds due [●].
Guarantee of the Bonds	The payment obligations of the Issuer in respect of all scheduled principal and scheduled interest payments when due under the Bonds and the Trust Deed are irrevocably and unconditionally guaranteed by the Guarantor to the extent of, and in accordance with and subject to, the terms of the CGIF Guarantee.
Issue	The Bonds are proposed to be issued under the ASEAN+3 Multi-Currency Bond Issuance Framework ("**AMBIF**").
Issue Price	[●] per cent. of the principal amount of the Bonds.
Issue Date	[●].
Maturity Date	[●].
Redemption	Unless previously redeemed or purchased and cancelled as provided in the Terms and Conditions of the Bonds, the Bonds will be redeemed on the Maturity Date.
Interest	The Bonds will bear interest on their outstanding principal amount from time to time from (and including) the Issue Date at the rate of [●] per cent. per annum, payable semi-annually in arrears.
Interest Payment Dates	[●] and [●] in each year, commencing on [●].
Status of the Bonds	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*) of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future.

Status of the CGIF Guarantee	The payment obligations of the Issuer in respect of all scheduled principal and interest payments when due under the Bonds and the Trust Deed will be unconditionally and irrevocably guaranteed by the Guarantor to the extent of, and in accordance with and subject to, the terms of the CGIF Guarantee. Such obligations of the Guarantor under the CGIF Guarantee are expressed under the Trust Deed to constitute direct, unconditional and general obligations of the Guarantor and rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law. The CGIF Guarantee does not cover any relevant amounts of principal or accrued but unpaid interest that become payable by the Issuer on the exercise by it of an early redemption option, including as a result of the Issuer's redemption for tax reasons (see Condition 6(b) (*Redemption and Purchase – Redemption for tax reasons*) of the Bonds). In order to mitigate any risk of the Issuer not paying the relevant amount of principal and/or accrued but unpaid interest arising out of or in connection with the Issuer exercising any of its rights of early redemption, the Issuer, in exercising its rights for redemption for tax reasons, is required to, not less than one Business Day[1] prior to the publication of any notice of redemption in relation to redemption for tax reasons under Condition 6(b) (*Redemption and Purchase – Redemption for tax reasons*) of the Bonds, transfer to a Singapore dollar account maintained by the Paying Agent for the benefit of the Bondholders an amount in Singapore dollars in immediately available cleared funds sufficient to redeem the Bonds at their principal amount together with any interest accrued but unpaid to the relevant date fixed for redemption. The recourse of the Bondholders against CGIF in respect of the CGIF Guarantee is limited solely to assets of CGIF and the Bondholders have no recourse to any assets of Asian Development Bank or any other contributors to CGIF. Any obligation under the CGIF Guarantee of CGIF does not constitute an obligation of Asian Development Bank or any other contributors to CGIF. For further information on the terms of the CGIF Guarantee, see the section entitled "***Description of the CGIF Guarantee***" and **Appendix A: Form of CGIF Guarantee**.
Use of Proceeds	The Issuer will apply the net proceeds of the offering and issuance of the Bonds as follows: (i) refinancing the existing term loan due in May 2022, which falls within the Eligible Project Categories under First REIT's Social Finance Framework, and (ii) applying any excess amount in the manner agreed with the Guarantor. See the section entitled "***Use of Proceeds***".
Negative Pledge	The terms of the Bonds contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*) of the Bonds.

1 "**Business Day**" with reference to the CGIF Guarantee means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in Jakarta, Manila, New York and Singapore.

Redemption for tax reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part only, at any time, on giving not less than thirty (30) nor more than sixty (60) days' notice to the Bondholders, the Guarantor, the Trustee and the Paying Agent in accordance with the Conditions (which notice shall be irrevocable) at their principal amount, together with interest accrued but unpaid to the date fixed for redemption, in the event of certain tax changes if, immediately before giving such notice, the Issuer satisfies certain conditions as described in Condition 6(b) (*Redemption and Purchase – Redemption for tax reasons*) of the Bonds.
Redemption in the event of a CGIF Acceleration Event	At any time following the occurrence of a CGIF Acceleration Event (as defined in the Conditions), the Guarantor may at its discretion, on giving not less than seven nor more than 15 days' notice to the Issuer, the Trustee and the Paying Agent, require the Issuer to redeem the Bonds in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption following which the Issuer shall immediately, or if the Issuer fails to do so the Guarantor may, give notice to the Bondholders, the Trustee and the Paying Agent in accordance with the Conditions (which notice shall be irrevocable).
Events of Default	The terms of the Bonds contain certain events of default as further described in Condition 9 (*Events of Default*) of the Bonds.
Selling and Transfer Restrictions	The Bonds and the CGIF Guarantee will not be registered under the Securities Act or under any state securities laws of the United States or of any other jurisdiction, and will be subject to customary restrictions on transfer and resale. See the section entitled "***Subscription and Sale***".
Form and Denomination of the Bonds	The Bonds will be issued in registered form and in the denomination of S$250,000 each. The Bonds will be represented by the Global Certificate, which will be deposited with CDP on or about the Issue Date. The transfer of Bonds will be effected in accordance with the rules and procedures for the time being of CDP.
Clearing and Settlement	Clearance of the Bonds will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. For a description of certain factors relating to clearance and settlement, see the section entitled "***Clearing and Settlement***".
Trustee and Registrar	The Bank of New York Mellon, Singapore Branch
Paying Agent and Transfer Agent	The Bank of New York Mellon, Singapore Branch
ISIN Code	[●]
Common Code	[●]

Listing	Application will be made to the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, First REIT, the First REIT Manager, the Guarantor, their respective subsidiaries or associated companies, or the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of S$250,000 (or its equivalent in other currencies) for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require. The Bonds issued are proposed to be issued under the AMBIF. AMBIF is a policy initiative under the Asian Bond Markets Initiative ("**ABMI**") that seeks to facilitate intra-regional bond and note issuances by streamlining market practices, documentation and disclosure information requirements common among ASEAN+3 (as defined herein) domestic bond markets. Through the AMBIF, issuers are able to expand into ASEAN+3 markets outside their country of domicile, and investors are able to actively participate in the region's various investment opportunities. Since ABMI established the ASEAN+3 Bond Market Forum in 2010, four entities have issued debt under the AMBIF format in four different jurisdictions. The Bonds serve as the benchmark for issuers that may seek to tap ASEAN+3 markets in the future as a means of diversifying funding and expanding regional capital markets presence.
Governing Law	The Bonds, the Trust Deed and the Agency Agreement will be governed by, and will be construed in accordance with, Singapore law and any disputes arising under the Bonds are subject to arbitration under the Arbitration Rules of the Singapore International Arbitration Centre (the "**SIAC Arbitration Rules**"). The CGIF Guarantee and any non-contractual obligations arising out of or in connection therewith will be governed by, and will be construed in accordance with English law and any disputes arising thereunder are subject to arbitration under the SIAC Arbitration Rules.
Ratings	The Bonds are expected to be rated AA by S&P. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. No guarantee is made that such ratings will not be adversely revised or withdrawn either before or after delivery of the Bonds. See the section entitled "***Risk Factors – Risk Relating to the Bonds***".
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Bonds, see the section entitled "***Risk Factors***".

RISK FACTORS

*An investment in the Bonds is subject to a number of risks. Potential investors should carefully consider all the information contained in this Offering Circular including the risks described below before making an investment decision. The business, financial condition and results of operations of First REIT or First REIT and its subsidiaries, taken as a whole (the "**Group**"), could be materially and adversely affected by any of these risks. The market price of the Bonds could decline due to any of these risks and investors may lose all or part of their investment. The risks described below are not the only ones that may affect the Issuer, First REIT, the Group or the Bonds. This Offering Circular contains forward-looking statements relating to events that involve risks and uncertainties. The actual results of First REIT and the Group may differ materially from those anticipated in forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Circular.*

RISKS RELATING TO FIRST REIT'S PROPERTIES

Most of First REIT's properties are located in Indonesia and Japan which exposes First REIT to economic and real estate market conditions and changes in fiscal policies in Indonesia and Japan.

As at 11 March 2022, being the latest practicable date prior to the printing of this Offering Circular (the "**Latest Practicable Date**"), First REIT's portfolio comprises 31 properties (the "**Properties**"), 16 of which are located in Indonesia (collectively, the "**Indonesia Properties**"), three in Singapore and 12 in Japan (collectively, the "**Japan Nursing Homes**"). (See also, "***Business Description of First REIT – The First REIT Portfolio***" for further details on First REIT's properties.) As at the Latest Practicable Date, First REIT had assets under management of approximately S$1,253.0 million[1].

Most of First REIT's properties are situated in Indonesia and Japan. As a result, First REIT's Gross Revenue[2] and results of operations depend to a large extent on the performance of the Indonesian and Japanese economies. An economic decline in Indonesia and/or Japan could adversely affect First REIT's Gross Revenue and results. Political upheavals, natural disasters, insurgency movements, riots and governmental policies all play a pivotal role in the performance of First REIT's properties. (See also, "***Risk Factors – Risks Relating to Indonesia***" and "***Risk Factors – Risks Relating to Japan***".)

First REIT's investment policy is to invest in a diversified portfolio of income-producing real estate and/or real estate-related assets[3] in Asia that are primarily used for healthcare and/or healthcare-related purposes. Investment in properties in other countries in Asia may also expose First REIT to local real estate market conditions in these countries. An economic decline in any one or more of the countries in which the properties of First REIT are located could adversely affect First REIT's operations and future growth. Other local real estate market conditions which may adversely affect First REIT's performance include the attractiveness of competing healthcare properties, the supply of healthcare properties and demand from tenants.

1 Based on First REIT's portfolio valuation of S$962.4 million as at 31 December 2021 and including the asset values of the Japan Nursing Homes (based on the Agreed Purchase Price (as defined herein) of the Japan Nursing Homes and the closing exchange rates for JPY:SGD of 83.33 as at 31 December 2021) on a *pro forma* basis as at 31 December 2021.

2 "**Gross Revenue**" consists of gross rental income and (where applicable) other income earned from First REIT's properties.

3 Under the Property Funds Appendix (as defined herein), "**real estate-related assets**" refer to listed or unlisted debt securities and listed shares of or issued by property corporations, mortgage-backed securities, other property funds, and assets incidental to the ownership of real estate (e.g. furniture).

Further, First REIT's properties will be subject to Indonesian and Japanese real estate laws, agrarian laws, securities laws, tax laws, any applicable laws relating to foreign exchange and related policies, licensing requirements and any unexpected changes to the same. There might be a negative impact on its properties as a result of measures and policies adopted by the Indonesian government and/or the Japanese government, and the relevant authorities at the local (both regional and provincial levels) and national levels, including the imposition of foreign exchange restrictions and/or foreign investment restrictions.

There is the risk that First REIT will not be able to repatriate the income and gains derived from its properties. It may also be difficult to obtain legal protection and recourse in Indonesia. Any inability to repatriate the income and gains from its properties to Singapore and/or obtain legal protection and recourse in relation to its properties will affect First REIT's ability to fulfil its payment obligations under the Bonds.

No adjustments for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah in respect of the rental amounts payable under the restructured LPKR MLAs and the restructured MPU MLAs.

Under the restructured LPKR MLAs and the restructured MPU MLAs (each as defined herein and see also details of the restructuring under *"**Business Description of First REIT – Overview of Key Events of First REIT**"*), the rental amounts payable shall be denominated in Indonesian Rupiah and shall be payable quarterly. The Singapore Dollar denominated rents for each LPKR Hospital[1] and MPU Hospital[2] were converted to Indonesian Rupiah at an exchange rate of S$1.00 to Rp.10,830 on 1 January 2021, in order to derive the pro-rated Indonesian Rupiah denominated Commencement Base Rents[3] for the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive). The base rent under the restructured LPKR MLAs and the restructured MPU MLAs have a fixed escalation rate of 4.5% per annum and in addition, the rental payable under the restructured LPKR MLAs and the restructured MPU MLAs will be the higher of either the base rent or the performance-based rent at 8.0% of the relevant hospital's gross operating revenue. Please refer to the announcement titled "*Restructuring of Master Leases*" dated 29 November 2020 for further details.

There will be no adjustments for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah. Therefore, First REIT will be exposed to the movements in the exchange rate between Singapore Dollar and Indonesian Rupiah.

There can be no assurance that the Indonesian Rupiah will not be subject to depreciation and continued volatility, that the current exchange rate policy will remain the same, or that the Indonesian government will, or will be able to, act when necessary to stabilise, maintain or increase the value of the Indonesian Rupiah, or will not act to devalue the Indonesian Rupiah, or that any such action, if taken, will be successful.

If the Indonesian Rupiah is subject to further depreciation, the amount of rental payments denominated in Singapore Dollar payable to First REIT may decrease over time since there will be no adjustments for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah. This may adversely affect the ability of First REIT to fulfil its payment obligations under the Bonds.

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1 The "**LPKR Hospitals**" refer to the hospitals which First REIT had leased to LPKR and certain subsidiaries of Siloam (each as defined herein).

2 The "**MPU Hospitals**" refer to (i) Siloam Sriwijaya, (ii) Siloam Hospitals Purwakarta and (iii) Siloam Hospitals Kupang & Lippo Plaza Kupang.

3 The "**Commencement Base Rents**" refers to the rent that is applicable to the first year under the restructured LPKR MLAs and MPU MLAs.

COVID-19[1] or any other infectious and communicable disease or serious public health issue may adversely impact First REIT.

In March 2020, the World Health Organisation declared the outbreak of a new infectious disease known as "COVID-19" to be a pandemic. COVID-19 has spread rapidly in almost all regions around the world, and has resulted in a rapid deterioration of the political, socio-economic and financial situation globally. More specifically, COVID-19 has led to quarantines, travel restrictions, enhanced health screenings at ports of entry and elsewhere, event cancellations and suspensions, city lockdowns and closed international borders. As a result of the unprecedented measures taken by governments globally, including the imposition of severe movement and travel restrictions, lockdowns, border controls and safe distancing, there have been severe disruptions to businesses in many sectors, including retail, hospitality, travel, manufacturing, logistics, construction, aviation and shipping and many economic activities have come to a halt. The outbreak has resulted, and continues to result, in protracted market volatility, business shutdowns and falling real estate prices. These measures have caused unprecedented drops in gross domestic product and economic productivity in many countries, including significant increases in levels of unemployment, and have caused significant drops and volatility in stock markets and substantial decreases in the earnings of many corporations.

First REIT continues to monitor the impact which the COVID-19 outbreak could have on First REIT's lease arrangements, the jurisdictions in which its properties are located and more broadly on the macro-economic outlook as further cases emerge and governments and international agencies impose a range of measures to deal with the outbreak. COVID-19 has, and could continue to, adversely impact First REIT's results of operations and future growth.

In particular, government measures to alleviate the economic impact of COVID-19 such as compulsory rental rebates or subsidies provided to tenants by landlords, the imposition of restrictions on the termination of lease agreements and/or the application of enforcement measures and on taking steps with a view to initiating insolvency and/or enforcement proceedings could adversely affect First REIT's ability to enforce and require its tenants to perform their obligations under their lease agreements. A pandemic creates the risk or potential for volatility in financial markets (including interest rate and foreign exchange rate risks) and may adversely impact the cost, availability, duration or terms of financing and credit available to First REIT. The potential exists for recession within individual countries and the failure of businesses and austerity measures.

The Indonesian economy has also been affected by the global COVID-19 pandemic. The Indonesian government implemented various protective measures, including but not limited to, imposing temporary travel restrictions on inbound travellers, closing of certain schools and workplaces, restrictions on religious activities and activities in public places. Recently, the Indonesian government incrementally relaxed its previously stringent public activities restriction policies by allowing activities in malls and offices with restricted number of visitors, and the opening of schools for limited face to face learning, while still keeping to a strict health protocol. The relaxation of these policies may indicate that the Indonesian government is confident in its ability to curb the spread of variants of the COVID-19 virus while stimulating the recovery of the Indonesian economy. However, there is still significant uncertainty relating to the severity of the near- and long-term adverse impact of the COVID-19 pandemic whether globally or in Indonesia, causing heightened economic uncertainty and volatile financial market performance.

Despite some relaxation of these policies by the Indonesian government, it is still possible that the current COVID-19 pandemic will cause a prolonged global economic crisis or recession. The Indonesian government cannot predict the duration, ultimate severity or effect of the pandemic or any current or future containment efforts.

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1 "COVID-19" means the Coronavirus disease 2019.

The First REIT Manager believes that the COVID-19 pandemic has significantly impacted the revenues generated by the operations at the LPKR Hospitals and the MPU Hospitals (each as defined herein) and led to a drastic decline in patient volumes across Indonesia. It is anticipated that the impact of the COVID-19 pandemic would be significant and structural over the medium term. (See *“**Risk Factors – Risks Specific to Hospitals – Indonesian hospitals face unique risks arising from the COVID-19 pandemic**”*.)

Further, the COVID-19 pandemic has had an adverse effect on the Japanese economy. While measures have been implemented in Japan to mitigate the impact of the pandemic, the extent and strength of the Japanese economic recovery remain uncertain.

First REIT cannot be assured that the risks from COVID-19 including those described above or from any other communicable or infectious disease or public health issue will not have a material adverse effect on First REIT in future. If the current COVID-19 situation deteriorates, or restrictions persist over longer periods (even intermittently), the business, financial condition and results of operations of First REIT may be adversely affected. Another wave outbreak of COVID-19 or the future outbreak of another contagious or infectious disease or any other serious public health concern in the jurisdictions which its properties are located may adversely affect First REIT’s business, financial condition, results of operations and prospects. The perception that an outbreak of a contagious disease may occur may also have an adverse effect on the economic conditions of the jurisdictions in which its properties are located.

To the extent the COVID-19 pandemic adversely affects First REIT’s business, results of operations and financial condition, it may also have the effect of heightening many of the other risks described in this “***Risk Factors***” section.

First REIT is largely dependent on its key tenants, especially LPKR, for rental payments.

First REIT is dependent on rental payments from the tenants of its properties, as First REIT does not directly operate the properties in its portfolio. As at the Latest Practicable Date, all of the LPKR Hospitals are leased to PT. Lippo Karawaci Tbk (“**LPKR**”) and certain subsidiaries of PT Siloam International Hospitals Tbk (“**Siloam**”). For the financial year ended 31 December 2021, the LPKR Hospitals contributed to approximately 81.3 % of First REIT’s rental and other income. Therefore, First REIT’s revenue and cash flow depend largely upon the ability of its key tenants, especially LPKR, to make rental payments.

As such, the business prospects of LPKR (aside from those relating to First REIT), could impact LPKR’s ability to make rental payments to First REIT. A downturn in the business of LPKR may weaken its financial condition and result in LPKR’s failure to make timely rental payments or default under the LPKR MLAs. If LPKR fails to make timely rental payments or defaults under the LPKR MLAs, First REIT’s financial condition, revenue and cash flow, and its ability to fulfil its debt financing obligations (including the Bonds) may be materially and adversely affected.

LPKR’s business is directly affected by the state of the Indonesian economy. Economic growth in Indonesia is a result of a combination of consumer spending, government spending, export growth as well as the level of investments. Weaknesses in any of these drivers may cause economic growth to weaken, resulting in higher unemployment, currency depreciation, volatility in interest rates, and potential social and political unrest. These factors may adversely affect Indonesian businesses. In particular, the business, financial condition and prospects of LPKR are potentially influenced by these factors, and any weakness in these conditions could affect LPKR’s ability, as master lessee, to pay rent to First REIT. This, in turn, may affect First REIT’s revenue and its ability to fulfil its debt financing obligations (including the Bonds). There can be no assurance that LPKR will have sufficient assets, income and access to financing in order to enable it to satisfy its obligations under the LPKR MLAs. In addition, any downgrade in the credit rating of LPKR could have an adverse impact on its ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. Such events could have a material adverse effect on the financial condition of LPKR and may result in LPKR’s failure to make timely rental payments or default under the LPKR MLAs. This could in turn have a material adverse effect on First REIT’s financial condition, results of operations and its ability to fulfil its debt financing obligations (including the Bonds).

First REIT is dependent on the tenants of its properties for rental payments.

First REIT is dependent on rental payments from the tenants of its properties, as First REIT does not directly operate the properties in its portfolio. Therefore, First REIT's revenue depends to a large extent upon the ability of the tenants of the properties in its portfolio to make rental payments. As such, the business prospects of the tenants of First REIT's properties (aside from those relating to First REIT) could impact on the ability of the tenants of First REIT's properties to make rental payments to First REIT.

Factors that affect the volume of patients, guests and visitors at First REIT's properties and, thereby, the ability of the tenants of First REIT's properties to meet their obligations include, but are not limited to:

(i) unemployment levels;

(ii) the business environment of local communities;

(iii) the number of uninsured and underinsured individuals in local communities;

(iv) seasonal cycles of illnesses;

(v) recruitment, retention and attrition of medical professionals such as doctors and nurses;

(vi) local healthcare competitors and competition in the healthcare industry;

(vii) unfavourable publicity that impacts relationships between physicians and patients;

(viii) the level of demand for hospitals and hotels and the related services of First REIT's properties in its portfolio;

(ix) the performance of the First REIT Manager;

(x) material losses in excess of insurance proceeds; and

(xi) a possibility of union activities disrupting the operations of the properties in its portfolio, severely impacting on its reputation and ability to function normally.

There can be no assurance that the tenants of First REIT's properties will have sufficient assets, income and access to financing in order to enable them to satisfy their obligations under their respective lease agreements. This may in turn affect the operations and financial condition of First REIT and its ability to fulfil its debt financing obligations (including the Bonds).

In the event that any major tenants of First REIT are unable to pay their rent or breach their obligations under the lease agreements, the level of distributable income may be adversely affected. The performance of the major tenants' other businesses could also have an impact on their ability to make rental payments to First REIT. Factors that affect the ability of such major tenants to meet their obligations include, but are not limited to:

- their financial position;

- the local economies in which they have business operations;

- the ability of such major tenants to compete with their competitors;

- in the instance where such major tenants have sub-leased First REIT's properties, the failure of the sub-tenants to pay rent; and

- material losses in excess of insurance proceeds.

The tenants of First REIT's properties may not renew their respective leases, may pre-terminate their respective leases in accordance with the terms of the relevant leases and LPKR, Siloam and/or Metropolis Propertindo Utama ("MPU") may request for further restructuring of the LPKR MLAs or the MPU MLAs, as the case may be.

There is no assurance that the tenants of First REIT's properties (including but not limited to LPKR and/or its subsidiaries) will exercise any option to renew their respective leases upon expiry or that the tenants of First REIT's properties will not pre-terminate their leases in accordance with the terms of the relevant leases. In such a situation, First REIT may not be able to locate a suitable purchaser for its properties, or a suitable replacement master lessee, as a result of which First REIT may lose a significant source of revenue. In addition, replacement of the tenants of First REIT's properties on satisfactory terms may not be possible in a timely manner. The amount of rent and the terms on which lease renewals and new leases are agreed may also be less favourable than current leases.

The failure on the part of the tenants of First REIT's properties to renew their leases upon expiry, or the termination of any of the lease agreements with the tenants of First REIT's properties, may have a material adverse effect on First REIT's gross revenue and its ability to fulfil its debt financing obligations (including the Bonds). Additionally, tenants may request rent concessions or deferrals in light of the COVID-19 pandemic.

In addition, there is no assurance, following the Master Lease Restructuring (as defined herein and see "***Business Description of First REIT – Overview of Key Events of First REIT***" for further details of the Master Lease Restructuring), that LPKR, Siloam and/or MPU may not in the future request for a further restructuring of the restructured LPKR MLAs or the restructured MPU MLAs, which in the event that such request is not acceded to may result in LPKR, Siloam and/or MPU defaulting under the respective restructured LPKR MLAs or the restructured MPU MLAs, as well as any other adverse consequences following the default by LPKR, Siloam and/or MPU. In such a situation, First REIT will have to negotiate with LPKR, Siloam, MPU and/or any other third party which may have to be ascertained through a leasing exercise to procure an alternative tenant, as the case may be, which could result in agreed terms being less favourable to First REIT, including revised rental formulas leading to possibly lower rental amounts and shorter lease terms. Consequently, this could adversely affect First REIT's revenue and cash flow from LPKR, Siloam and/or MPU pursuant to the further restructuring of the restructured LPKR MLAs or the restructured MPU MLAs, as the case may be, and thus affecting its ability to fulfil its debt financing obligations (including the Bonds).

In Japan, the Japan Nursing Homes[1] are professionally operated by local Japanese operators (who are independent, well-established and experienced local nursing home operators with a track record) that provide daily services, medical consultation services, leisure and entertainment programmes as well as nursing care, including special meal preparation, provision of functional training and toilet and bathing assistance. These local Japanese operators are also the single tenant for each of the Japan Nursing Homes:

- Hikari Heights Varus Ishiyama, Hikari Heights Varus Tsukisamu-Koen, Hikari Heights Varus Fujino, Hikari Heights Varus Kotoni, Hikari Heights Varus Makomanai-Koen, Varus Cuore Yamanote and Varus Cuore Sapporo-Kita & Varus Cuore Sapporo-Kita Annex are operated by and leased to Hikari Heights Varus Co., Ltd.

- Elysion Gakuenmae and Elysion Mamigaoka & Elysion Mamigaoka Annex are operated by and leased to Safety Life Co., Ltd.

- Orchard Amanohashidate, Orchard Kaichi North and Orchard Kaichi West are operated by and leased to Orchard Care Co., Ltd.

[1] The Japan Nursing Homes is a portfolio of 12 quality nursing homes located across Japan in Hokkaido, Nagano, Nara and Kyoto (See "***Business Description of First REIT – The First REIT Portfolio***" for further details on the Japan Nursing Homes).

If a lease agreement with the operator were to be terminated, or if the operator were to vacate a property for other reasons (for example, due to bankruptcy, insolvency, a downturn in its business or its failure to maintain necessary licences or to satisfy regulatory requirements), the pool of potential substitute operators may be limited due to a number of factors unique to the Japan Nursing Homes. Such factors include the specific use and configuration of the Japan Nursing Homes as Nursing Facilities[1] and the demand from, and terms of renewal agreements with, existing residents. Furthermore, as a *tokutei mokuteki kaisha* ("**TMK**") property owner is not allowed to operate Nursing Facilities, First REIT may be forced to decrease the rent in order to secure a substitute operator or incur significant refurbishment expenses to prepare a property for a new operator, and this may adversely affect the business, financial position and results of operations of First REIT.

Apart from contractual rights under lease agreements, under the Land and Building Lease Law in Japan, tenants also have a statutory right to demand the reduction of rent under certain circumstances, which may cause a reduction in rent or a refund of excess rent order by the court unless tenants have validly agreed to waive such right in a special fixed-term lease agreement as provided in Article 32 of the Land and Building Lease Law. Tenants may also seek the protection of bankruptcy laws, which could result in delays in the receipt of rent payments, the inability to collect rental income, delays in the termination of the tenant's lease or a delay in First REIT's ability to re-let or sell the space.

The LPKR Hospitals and the MPU Hospitals are specialised medical facilities and have limited uses.

Hospitals are typically built-to-suit, and additional capital expenditure is likely to be required to renovate hospitals to the requirements of new tenants, if any. As the LPKR Hospitals and the MPU Hospitals may only be used for a specific purpose, if First REIT or LPKR, Siloam and/or MPU terminates the existing LPKR MLAs, the restructured LPKR MLAs, the existing MPU MLAs and/or the restructured MPU MLAs (or any of them), First REIT may not be able to find a replacement tenant to lease the LPKR Hospitals and/or the MPU Hospitals (as the case may be) in a timely manner, or on terms acceptable to First REIT or at all. Finding an alternative hospital operator for the hospital assets would be difficult given the regulatory constraints involved in changing hospital operators in Indonesia. Like most countries, the hospital sector is heavily regulated in Indonesia. The operation of a hospital involves obtaining building and operational hospital permits issued by the Indonesian Minister of Health, among other permits and licences. Based on the current regulations, these two key permits take 28 days to obtain; however, in practice, obtaining the required permits may require more time given that the process may sometimes be bureaucratic.

Under the recent Indonesian foreign investment rules, foreign investors are now allowed to own up to 100% ownership in a local hospital operating entity. As the main requirements, hospitals established through foreign investments should belong to a privately-owned hospital and must have a minimum of 200 beds. Following the Regulation of the Minister of Health of Indonesia No.3/2020 on the classification and licensing of hospitals, all hospitals have to compulsorily go through an accreditation process. With such stringent protocols that control the entry of foreign hospital operators coupled with the extent of regulatory approvals that are needed to be obtained for changing operators, changing hospital operators can be time consuming and cumbersome. Further, there is a very limited pool of potential alternative hospital operators. Hospitals in Indonesia are generally built to suit the needs of the hospital operator and are mostly owner-operated. In 2019, First REIT explored third party interest in operating three hospital assets in the First REIT hospital portfolio through a tender process where PT Willson Properti Advisindo in association with Knight Frank was engaged to reach out to 43 foreign and local hospital operators. The process culminated in First REIT only receiving one bid from a related party and the terms were worse off as compared to the terms under the LPKR MLA Restructuring (as defined herein). The results of the 2019 tender process are indicative of the practical difficulty in finding alternative lessees and/or operators for the First REIT hospital assets in Indonesia.

[1] "**Nursing Facilities**" refers to housing with assisted living facilities, medical and skilled nursing services and caregivers, catered for the elderly who require assistance for daily tasks.

In the event that First REIT is not able to find a tenant to lease the LPKR Hospitals or the MPU Hospitals for medical and healthcare purposes, First REIT may need to change the use of the LPKR Hospitals or the MPU Hospitals, as the case may be, in order to be able to lease the LPKR Hospitals or the MPU Hospitals, and to generate income. There is no assurance that First REIT will be able to obtain the requisite approvals to change the zoning of the sites on which the LPKR Hospitals or the MPU Hospitals are located, and even if such approvals are obtained, First REIT may be required to incur significant time and expenditure to alter the LPKR Hospitals or the MPU Hospitals to make them suitable for other uses. If any of the above events were to occur, First REIT's financial condition and results of operations may be materially and adversely affected, and this may affect First REIT's ability to fulfil its debt financing obligations (including the Bonds).

The Properties and properties to be acquired by First REIT may require significant capital expenditure periodically beyond the First REIT Manager's current estimate and First REIT may not be able to secure funding.

The Properties and properties to be acquired by First REIT may require periodic capital expenditure beyond the First REIT Manager's current estimate for refurbishment, renovation for improvements and development of the properties in order to remain competitive or be income-producing.

First REIT may not be able to fund capital expenditure solely from cash provided from its operating activities and may not be able to obtain additional equity or debt financing on favourable terms or at all. If First REIT is not able to obtain such financing, the marketability of such property may be affected.

First REIT's assets might be adversely affected if the First REIT Manager, the property manager and/or any person appointed to manage a property do not provide adequate management and maintenance.

Should the First REIT Manager, the property manager and/or any person appointed to manage a property fail to provide adequate management and maintenance, the value of First REIT's assets might be adversely affected and this may result in a loss of tenants, which will adversely affect First REIT's financial condition and results of operations.

Moreover, the daily management of the properties is generally in the hands of the tenants, and careless or imprudent management of the properties by the tenants may result in a material adverse effect on the value of First REIT's properties.

First REIT may suffer material losses in excess of insurance proceeds or First REIT may not put in place or maintain adequate insurance in relation to its properties and its potential liabilities to third parties.

First REIT's properties face the risk of suffering physical damage caused by fire, terrorism, acts of God such as natural disasters or other causes, as well as potential public liability claims, including claims arising from the operations of its properties. In addition, certain types of risks (such as war risk and losses caused by the outbreak of contagious diseases, contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, First REIT's insurance policies for its properties may not cover acts of war, outbreak of contagious diseases, contamination or other environmental breaches.

Should an uninsured loss or a loss in excess of insured limits occur, First REIT could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property as it may not be able to rent out or sell the affected property. First REIT will also be liable for any debt or other financial obligations related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur.

Renovation or redevelopment works or physical damage to First REIT's properties may disrupt the operations of its properties and collection of rental income or otherwise result in adverse impact on the financial condition of First REIT.

First REIT's properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining healthcare assets and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. Although the tenants may be obliged to bear certain maintenance and repair costs to a certain extent, the business and operations of First REIT's properties may suffer some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation or redevelopment works.

In addition, physical damage to First REIT's properties resulting from fire or other causes may lead to a significant disruption to the business and operation of its properties and, together with the foregoing, may impose unbudgeted costs on First REIT and result in an adverse impact on the financial condition and results of operations of First REIT and its ability to fulfil its its debt financing obligations (including the Bonds).

First REIT could incur significant costs or liability related to environmental matters.

First REIT's operations are subject to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal, noise pollution control and the storage of dangerous goods. Under these laws, an owner or operator of real property may be subject to liability, including a fine or imprisonment, for air pollution, noise pollution or the presence or discharge of hazardous or toxic chemicals at that property. In addition, First REIT may be required to make capital expenditures to comply with these environmental laws. The presence of contamination, air pollution, noise pollution or dangerous goods without a valid licence or the failure to remediate contamination, air pollution, noise pollution or dangerous goods may expose First REIT to liability or materially adversely affect its ability to sell or lease the real property or to borrow using the real property as collateral. Accordingly, if First REIT's properties are affected by contamination or other environmental effects not previously identified and/or rectified, First REIT risks prosecution by environmental authorities and may be required to incur unbudgeted capital expenditure to remedy such issue and the financial position of tenants may be adversely impacted, affecting their ability to trade and to meet their tenancy obligations.

The due diligence exercise on First REIT's properties, tenancies, buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies and any losses or liabilities from latent property or equipment defects may adversely affect earnings and cash flows.

The First REIT Manager believes that reasonable due diligence investigations with respect to First REIT's properties have been conducted prior to their acquisitions and that based on the due diligence commissioned by the First REIT Manager, no material defects or deficiencies were found (save in respect of the Japan Nursing Homes). Due diligence investigations prior to the Japan Acquisitions (as defined herein) have identified a list of agreed defects relating to the Japan Nursing Homes, which will be rectified by OUE Lippo Healthcare Limited ("**OUELH**") in accordance with the sale and purchase agreements in connection with the Japan Acquisitions.

However, there is no assurance that due diligence investigations and technical inspections will uncover all material defects or deficiencies relating to First REIT's properties, including defects which require repair or maintenance (including design, construction or other latent property or equipment defects in the properties which may require additional capital expenditure, special repair, maintenance expenses, the payment of damages or other obligations to third parties) or will uncover all non-compliance with the laws and regulations in relation to the properties. Such defects or deficiencies may require significant costs or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may have a material adverse effect on First REIT's earnings and cash flows. The experts' reports that the First REIT Manager relies on as part of its due diligence investigations of First REIT's properties are subject to uncertainties or limitations as to their scope and the limitation of liability of the experts with respect to such reports.

Statutory or contractual representations, warranties and indemnities given by a seller are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects. Costs or liabilities arising from such defects or deficiencies may require significant capital expenditures or obligations to third parties and may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on First REIT's earnings, prospects, cash flows and its ability to fulfil its debt financing obligations (including the Bonds).

First REIT's properties may face increased competition from other properties.

First REIT's properties are in areas where other competing properties are present and new properties may be developed which may compete with the properties.

The income from and the market value of First REIT's properties will be dependent on the ability of its properties to compete against other properties for tenants. If competing properties are more successful in attracting and retaining tenants, or similar properties in their vicinity are substantially upgraded and refurbished, the income from its properties could be reduced, thereby adversely affecting First REIT's cash flow and its ability to fulfil its debt financing obligations (including the Bonds).

First REIT's properties may be revalued downwards.

There can be no assurance that First REIT will not be required to make downward revaluation of its properties in the future. Any fall in the gross revenue or net property income earned from its properties may result in downward revaluation of the properties held by First REIT. Moreover, the valuations of the LPKR Hospitals are premised on the rental terms as specified in the LPKR MLAs. Accordingly, the valuations of the LPKR Hospitals depend very substantially on the future income streams of the LPKR Hospitals. Any fall in the gross revenue or net property income earned from the LPKR Hospitals may therefore result in the LPKR Hospitals being revalued downwards and consequently, impacting the aggregate valuations of First REIT's properties.

In addition, First REIT is required to measure investment properties at fair value at each balance sheet date and any change in the fair value of the investment properties is recognised in the statements of total return. The changes in fair value may have an adverse effect on First REIT's financial results in the financial years where there is a significant decrease in the valuation of First REIT's investment properties which will result in revaluation losses that will be charged to its statements of total return.

First REIT is exposed to general risks associated with relying on third-party contractors to provide various services.

Under the terms of the master lease agreements ("**Master Lease Agreements**") in respect of the properties in First REIT's portfolio, the master lessee may rely on third-party contractors to provide various services. However, where First REIT engages third-party contractors to provide various services in connection with matters which are not the responsibilities of the master lessee under the terms of the Master Lease Agreements, First REIT is exposed to the risk that a third-party contractor may incur costs in excess of project estimates, which may have to be borne by First REIT in order to complete the project.

Furthermore, major third-party contractors may experience financial or other difficulties which may affect their ability to carry out construction or other works, thus delaying the completion of development projects or resulting in additional costs to First REIT. There can also be no assurance that the services rendered by the third-party contractors will always be satisfactory or match First REIT's targeted quality levels. All of these factors could have an adverse effect on the business, financial condition and results of operations of First REIT.

First REIT may be liable for encroachment on neighbouring properties.

To the best of the First REIT Manager's and the First REIT Trustee's knowledge, neither the First REIT Manager nor the First REIT Trustee are aware of any encroachment by any of the structures or boundary walls of each of the Properties on neighbouring state or private land. However, in the event that such encroachments exist, First REIT may be required to remove the encroachment or reinstate the relevant land, and the cost of such removal or reinstatement may have an adverse impact on the net income of First REIT.

RISKS RELATING TO FIRST REIT'S OPERATIONS

There are potential conflicts of interest amongst First REIT, the First REIT Manager and OUE or, as the case may be, OUELH, and potential competition may arise between First REIT and OUELH.

The First REIT Manager, First REIT Management Limited, is 60%-owned by OUE Limited ("**OUE**") and 40% owned by OUELH.

OUE is a Singapore-based diversified real estate owner, developer and operator with a real estate portfolio located across Asia. OUELH is the healthcare platform of the OUE group, focused primarily on the Pan-Asian healthcare market. OUELH's businesses currently include the provision of high-quality and sustainable healthcare solutions through the acquisition, development, management, and operation of healthcare facilities in Asia.

As a result, the strategy and activities of First REIT may be influenced by the overall interests of OUE and OUELH. Moreover, OUE and OUELH may in the future, sponsor, manage or invest in other real estate investment trusts ("**REITs**") or other vehicles which may compete directly or indirectly with First REIT. There can be no assurance that conflicts of interest will not arise between them in the future, or that First REIT's interests will not be subordinated to those of OUE, or as the case may be, OUELH whether in relation to the future acquisition of properties or property-related investments or in relation to competition for tenants regionally.

While OUELH has granted the OUELH ROFR[1] to First REIT, potential competition may arise between First REIT and OUELH in relation to any future acquisition of additional properties or property-related investments. Any such competition may have a material adverse effect on First REIT's financial condition, results of operations and its ability to fulfil its debt financing obligations (including the Bonds).

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[1] OUELH has granted the First REIT Trustee a right of first refusal (the "**OUELH ROFR**") over any proposed offer by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity, for the period commencing from 26 October 2018 and for so long as First REIT Management Limited remains the manager of First REIT, and OUE and/or OUELH hold(s), directly or indirectly, whether singly or in the aggregate, the single largest interest in First REIT Management Limited. For the purposes of the OUELH ROFR: "**Grantor Group**" means OUELH and its subsidiaries, save for any subsidiary of OUELH which is listed on a securities exchange ("**Listed Subsidiary**") and the subsidiaries of such Listed Subsidiary; "**Relevant Asset**" means a property in Indonesia or Singapore which is primarily used for healthcare purposes and, if applicable, the shares or equity interests in one or more single purpose companies or entities which holds such property, where "**healthcare**" shall mean hospitals, nursing homes, medical clinics and pharmacies; "**Relevant Entity**" means a member of the Grantor Group; and "**subsidiary**" has the meaning ascribed to it in the Companies Act 1967 of Singapore (the "**Companies Act**")..

Potential competition may arise in the future between First REIT and LPKR.

LPKR, its subsidiaries and its associates are engaged in, and/or may engage in, among others, portfolio management, and investment in, and the development, management and operation of, hospitals and hotels in Indonesia and elsewhere in the region.

While LPKR has granted the LPKR ROFR[1] to First REIT, potential competition may arise between First REIT and LPKR in relation to any future acquisition of additional properties or property-related investments. Any such competition may have a material adverse effect on First REIT's financial condition, results of operations and its ability to fulfil its debt financing obligations (including the Bonds).

Notwithstanding that LPKR has provided the Non-Compete Undertaking[2] to First REIT, LPKR may in certain circumstances, sponsor, manage or invest in other REITs or other vehicles which may compete directly or indirectly with First REIT in the future. There can be no assurance that competition will not arise between them in the future, or that First REIT's interests will not be subordinated to those of LPKR whether in relation to the future acquisition of properties or property-related investments or in relation to competition for tenants within the Indonesia market or regionally.

Furthermore, LPKR and/or its subsidiaries is/are the master lessees of most of the Indonesia Properties as at 31 December 2021. There can be no assurance that LPKR or its subsidiaries, acting in its role as master lessee, will not favour properties that it has retained in its own property portfolio or which it manages or operates, over those owned by First REIT. This could lead to lower occupancy rates and/or lower rental income for the relevant Indonesia Properties which may have a material adverse effect on First REIT's Gross Revenue and its ability to fulfil its debt financing obligations (including the Bonds).

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1 LPKR has granted the First REIT Trustee a right of first refusal (the "**LPKR ROFR**") over any proposed offer by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity, for the period commencing from 26 October 2018 and for so long as First REIT Management Limited remains the manager of First REIT, and OUE and/or OUELH hold(s) directly or indirectly, whether singly or in the aggregate, the single largest interest in First REIT Management Limited. For the purposes of the LPKR ROFR: "**Grantor Group**" means LPKR and its subsidiaries, save for any subsidiary of LPKR which is listed on an Indonesia stock exchange ("**Listed Subsidiary**") and the subsidiaries of such Listed Subsidiary; "**Relevant Asset**" means a property in Indonesia or Singapore which is primarily used for healthcare purposes and, if applicable, the shares or equity interests in one or more single purpose companies or entities which holds such property, where "**healthcare**" shall mean hospitals, nursing homes, medical clinics and pharmacies; "**Relevant Entity**" means a member of the Grantor Group; and "**subsidiary**" has the meaning ascribed to it in the Companies Act.

2 LPKR has undertaken to the First REIT Trustee that, for the period commencing from 26 October 2018 and for so long as First REIT Management Limited remains the manager of First REIT, and OUE and/or OUELH hold(s), directly or indirectly, whether singly or in the aggregate, the single largest interest in First REIT Management Limited, LPKR and its subsidiaries, save for any subsidiary of LPKR which is listed on an Indonesia stock exchange, shall not set up, establish, constitute, manage and/or invest in any fund or other entity, whether listed or unlisted, which invests principally, whether directly or indirectly, in Relevant Assets without the prior written consent of the First REIT Trustee (the "**Non-Compete Undertaking**"). For the purposes of the Non-Compete Undertaking: "**control**" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company; "**controlling shareholder**" means a person who: (i) holds directly or indirectly more than 50.0% of the shares in issue or other equity interest of a company; or (ii) has the power to direct the management or policies of a company, whether through the ownership of more than 50.0% of the voting power of such company or otherwise; "**Grantor Group**" means LPKR and its subsidiaries save for any subsidiary of LPKR which is listed on an Indonesia stock exchange ("**Listed Subsidiary**") and the subsidiaries of such Listed Subsidiary; and "**Relevant Asset**" means a property in Indonesia or Singapore which is primarily used for healthcare purposes and, if applicable, the shares or equity interests in one or more single purpose companies or entities which holds such property, where "**healthcare**" shall mean hospitals, nursing homes, medical clinics and pharmacies.

The performance of the Japan Nursing Homes held through the TMK structure depends largely on the Japan Asset Manager.

The Japan Nursing Homes are held through the TMK structure. TMK refers to a special purpose company established under the Act on Securitization of Assets of Japan ("**Securitization Law**"), which is entitled to reduced tax rates (upon the acquisition of a real estate) provided certain criteria are met. A TMK can also constitute a tax pay-through entity (i.e., a taxable entity which can deduct dividends paid from its taxable income) if certain criteria are satisfied. Therefore, the TMK structure is used for real estate investment in Japan as such structure provides limited liability to the investors and is able to avail of a special tax treatment such that the TMK pays minimal or no Japanese corporate income tax if certain requirements are met.

Under the TMK structure, OUELH Japan First *Tokutei Mokuteki Kaisha* ("**OUELH TMK (Japan)**") depends on the asset manager for the oversight of the day-to-day operations, and the administration and management and the monitoring of property management of the Japan Nursing Homes (the "**Japan Asset Manager**"). Prior to the Japan Acquisitions (as defined herein), the Japan Nursing Homes were managed by OUELH Japan Management Co., Ltd. ("**HJKK**"), as the asset management company. It is intended that HJKK will be replaced as the asset management company of OUELH TMK (Japan) with an asset management company agreed to by the First REIT Trustee and Shinsei Bank Limited. Further details of the Japan Asset Manager will be announced by the First REIT Manager separately.

Any failure by the Japan Asset Manager and the third-party property managers to properly manage the operations of the Japan Nursing Homes may adversely affect the underlying value of and/or income from the Japan Nursing Homes. Dependence on third parties to conduct its business activities exposes it to potential risks. These third parties may not provide adequate services or may not remain in business.

Moreover, the Japan Asset Manager to be appointed may be (in the future) retained as asset manager by other funds or entities. If the Japan Asset Manager acts in its own interest or that of a third party, to the detriment of OUELH TMK (Japan), the financial condition or results of operations of OUELH TMK (Japan) could be adversely materially affected.

The foregoing factors may have a material adverse effect on the business, financial condition, results of operation or cash flow of First REIT and its ability to fulfil its debt financing obligations (including the Bonds).

OUELH TMK (Japan) may fail to satisfy the requirements for dividend distribution deduction and consequently incur higher tax costs in Japan.

For a TMK to avail itself of the dividend distribution deduction tax treatment such that only the net taxable income (i.e., net of dividends paid), if any, is subject to Japanese corporate income tax at the regular rate, the TMK must be set up to meet certain permanent requirements and must be maintained to comply with certain ongoing requirements in accordance with the Special Taxation Measures Law of Japan.

OUELH TMK (Japan) is structured to satisfy the permanent requirements on set-up. In addition, the First REIT Manager and the Japan Asset Manager intend to manage the affairs of OUELH TMK (Japan) such that the ongoing requirements can be met.

One of the ongoing requirements for each fiscal year or period is that the TMK must distribute more than 90.0% of its distributable profit (the "**TMK Distribution Requirement**"). The TMK Distribution Requirement is based on the amount of profit of the TMK before taxation as calculated for accounting purposes, with certain adjustments, if any. While the First REIT Manager and the Japan Asset Manager will work closely with their professional advisers to minimise such adjustments (being differences between tax and accounting treatments), there can be no assurance that such adjustments can be entirely eliminated. Thus, OUELH TMK (Japan) may incur some tax costs due to the differences between tax and accounting treatments or OUELH TMK (Japan) may not have sufficient distributable profit to declare the dividends necessary to satisfy the TMK Distribution Requirement, in which case it would incur higher tax costs in Japan.

Therefore, if OUELH TMK (Japan) fails to meet the TMK Distribution Requirement or any of the other requirements, it would not be able to deduct its dividend distributions from its taxable income as deductible expenses. Instead, OUELH TMK (Japan) would have to make dividend distributions after its taxable income has been subject to Japanese corporate income tax at the regular rate. This will reduce the amount of distributions that First REIT can make to the Unitholders.

The Japanese tax authorities may also, from time to time, carry out tax audits to determine if the relevant Japanese tax laws and regulations have been fully complied with. If a tax audit determines that the dividend distribution deduction requirements are not fully satisfied, dividend distribution deductions claimed in prior periods may be reclassified as taxable income. In such a case, OUELH TMK (Japan)'s tax burden would be increased for the fiscal periods in which OUELH TMK (Japan) recognises this additional taxable income. Consequently, the amount of profits distributable by OUELH TMK (Japan) could be reduced significantly, thereby adversely affecting its ability to fulfil its debt financing obligations (including the Bonds).

The OUELH ROFR and the LPKR ROFR are subject to certain conditions.

The OUELH ROFR and the LPKR ROFR are subject to certain conditions, and this may adversely affect First REIT's pipeline of future acquisitions. For instance, the OUELH ROFR and the LPKR ROFR have been granted to First REIT for so long as the First REIT Manager remains the manager of First REIT, and OUE and/or OUELH hold(s), directly or indirectly, whether singly or in the aggregate, the single largest interest in the First REIT Manager. If the above condition is not met, First REIT may not be able to benefit from the OUELH ROFR and/or the LPKR ROFR and this may have a material adverse effect on First REIT's financial condition, results of operations and its ability to fulfil its debt financing obligations (including the Bonds).

First REIT operates substantially through the Singapore SPCs and the Indonesia SPCs and its ability to fulfil its debt financing obligations (including the Bonds) is dependent on the financial position of the Singapore SPCs and the Indonesia SPCs.

First REIT operates substantially through special purpose companies, namely the Singapore SPCs[1] and the Indonesia SPCs[2], and relies on payments and other distributions from the Singapore SPCs and the Indonesia SPCs for its income and cash flows. The ability of the Singapore and Indonesia SPCs to make such payments and distributions may be restricted by, among other things, the Singapore SPCs' and the Indonesia SPCs' respective business and financial positions, the availability of distributable profits, applicable laws and regulations or the terms of agreements to which they are, or may become, a party.

1 The "**Singapore SPCs**" refer to the Onshore SPCs in respect of the Indonesia Properties. In respect of the Indonesia Properties, the "**Onshore SPCs**" refer to Gold Capital Pte. Ltd., Platinum Strategic Investments Pte. Ltd., Higrade Capital Pte. Ltd., Ultra Investments Pte. Ltd., GOT Pte. Ltd., Lovage International Pte. Ltd., Henley Investments Pte. Ltd., Primerich Investments Pte. Ltd., Rhuddlan Investment Pte. Ltd., Caernarfon Investment Pte. Ltd., Raglan Investment Pte. Ltd. Carmathen Investment Pte. Ltd., Globalink Investments Pte. Ltd., Fortuna Capital Pte. Ltd., Great Capital Pte. Ltd., Key Capital Pte. Ltd., Finura Investments Pte. Ltd. Glamis Investments Pte. Ltd., IAHCC Investment Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Sriwijaya Investment I Pte. Ltd., Sriwijaya Investment II Pte. Ltd., SHKP Investment I Pte. Ltd., SHKP Investment II Pte. Ltd., SHLB Investment I Pte. Ltd., SHLB Investment II Pte. Ltd., SHButon Investment I Pte. Ltd., SHButon Investment II Pte. Ltd. and Icon1 Holdings Pte. Ltd..

2 The "**Indonesia SPCs**" refer to the Offshore SPCs in respect of the Indonesia Properties. In respect of the Indonesia Properties, the "**Offshore SPCs**" refer to PT Primatama Cemerlang, PT Graha Pilar Sejahtera, PT Sentra Dinamika Perkasa, PT Graha Indah Pratama, PT Tata Prima Indah, PT Karya Sentra Sejahtera, PT Bayutama Sukses, PT Menara Abadi Megah, PT Dasa Graha Jaya, PT Perisai Dunia Sejahtera, PT Eka Dasa Parinama, PT Sriwijaya Mega Abadi, PT Nusa Bahana Niaga, PT Prima Labuan Bajo, PT Buton Bangun Cipta and PT Yogya Central Terpadu.

There can be no assurance that the Singapore SPCs and the Indonesia SPCs will have sufficient distributable or realised profits or surplus in any future period to make dividend payments or advances to First REIT. The level of profit or surplus of each of the Singapore SPCs and the Indonesia SPCs available for distribution by way of dividends to First REIT may be affected by a number of factors including:

(i) operating losses incurred by the Singapore SPCs and the Indonesia SPCs in any financial year;

(ii) losses arising from a revaluation of any of First REIT's properties following any diminution in value of any of the relevant properties. Such losses would adversely affect the level of profits from which the relevant Singapore SPC and the Indonesia SPC may distribute dividends;

(iii) accounting standards that require profits generated from investment properties to be net of depreciation charges before such profits are distributed to First REIT;

(iv) changes in accounting standards, taxation regulations, corporation laws and regulations relating thereto; and

(v) insufficient cash flows received by the Singapore SPCs from the Indonesia SPCs.

The occurrence of these or other factors that affect the ability of the Singapore SPCs and the Indonesia SPCs to pay dividends or other distributions to First REIT may adversely affect the liquidity and financial position of First REIT and this may affect First REIT's ability to fulfil its debt financing obligations (including the Bonds).

First REIT may not be able to fulfil its debt financing obligations (including the Bonds).

The net operating profit earned from real estate investments depends on, among other factors, the amount of rental income received, and the level of property, operating and other expenses incurred. If the properties which are directly or indirectly held by First REIT do not generate sufficient net operating profit, First REIT's income, cash flow and ability to fulfil its debt financing obligations (including the Bonds) may be adversely affected. In addition, if the Singapore SPCs have insufficient cash flows or distributable profits or surplus, or the Singapore SPCs do not make the expected level of distributions in any financial year, this may adversely affect First REIT's income, cash flow and ability to fulfil its debt financing obligations (including the Bonds).

No assurance can be given as to First REIT's ability to fulfil its debt financing obligations (including the Bonds). Nor is there any assurance that there will be contractual increases in rent under the leases of its properties or that the receipt of rental income in connection with expansion of the properties or future acquisitions of properties will increase First REIT's cash flow available for fulfilling its debt financing obligations (including the Bonds).

First REIT's strategy of investing primarily in healthcare assets may entail a higher level of risk compared to other types of unit trusts that have a more diverse range of investments.

First REIT's principal strategy is primarily focused on owning and investing in a diversified portfolio of income-producing real estate and/or real estate-related assets[1] in Asia that are primarily used for healthcare and/or healthcare-related purposes. As such, First REIT will be subject to risks inherent in concentrating on investments in a single industry. The level of risk could be higher compared to other types of unit trusts that have a more diverse range of investments.

1 Under the Property Funds Appendix, "**real estate-related assets**" refer to listed or unlisted debt securities and listed shares of or issued by property corporations, mortgage-backed securities, other property funds, and assets incidental to the ownership of real estate (e.g. furniture).

A concentration of investments in a portfolio of such specific real estate assets in Indonesia and elsewhere regionally exposes First REIT to both a downturn in the real estate market as well as the healthcare industry in Indonesia and those in the relevant regions elsewhere. Such downturns may lead to a decline in occupancy for hospitals including those in First REIT's portfolio thereby affecting First REIT's rental income from the tenants of the properties in First REIT's portfolio, and/or a decline in the capital value of First REIT's portfolio, which will have an adverse impact on distributions to Unitholders and/or on the results of operations and the financial condition of First REIT.

Future acquisitions may not yield the returns expected and may lead to disruptions to First REIT's business and diversion of management resources.

First REIT's external growth strategy and its market selection process may not be successful and may not provide positive returns. Future acquisitions made by First REIT will be required to be integrated with its existing portfolio. The acquired properties may not generate the intended return and may cause disruptions to First REIT's operations and divert the First REIT Manager's attention away from day-to-day operations, any or all of which may have an adverse effect on the operations and financial condition of First REIT.

The First REIT Manager may not be able to successfully implement its investment strategy for First REIT.

There is no assurance that the First REIT Manager will be able to implement its investment strategy successfully or that it will be able to expand First REIT's portfolio at any specified rate or to any specified size. The First REIT Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame.

First REIT faces active competition in acquiring suitable properties. First REIT's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected. Even if First REIT were able to successfully acquire property or investments, there is no assurance that First REIT will achieve its intended return on such acquisitions or investments. Since the amount of borrowings that First REIT can incur to finance acquisitions is limited by Appendix 6 to the CIS Code issued by the MAS in relation to real estate investment trusts (the "**Property Funds Appendix**"), such acquisitions are likely to be largely dependent on First REIT's ability to raise equity capital. Potential vendors may negatively view the prolonged time frame and lack of certainty associated with the raising of equity capital to fund any such purchase. They may instead prefer other potential purchasers.

There may be significant competition for attractive investment opportunities from other property investors, including other REITs, office property development companies and private investment funds.

The amount First REIT may borrow is limited, which may affect the operations of First REIT and the borrowing limit may be exceeded if there is a downward revaluation of assets.

Under the Property Funds Appendix, in the period from 16 April 2020 to 31 December 2021, First REIT was permitted to borrow up to 50.0% of the value of the deposited property without having to satisfy the ICR Requirement[1] (as defined hereinbelow).

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[1] The MAS had on 16 April 2020 announced (i) that the aggregate leverage limit for Singapore REITs would be raised from 45.0% to 50.0%, and (ii) the deferral to 1 January 2022, of the requirement for Singapore REITs to have a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings, before the aggregate leverage of Singapore REITs can exceed 45.0% of the value of the deposited property (up to 50.0%).

Under the Property Funds Appendix, with effect from 1 January 2022, First REIT is permitted to borrow up to 45.0% of the value of the deposited property (as defined in the Property Funds Appendix to mean the value of the property fund's total assets based on the latest valuation) and up to 50.0% of the deposited property only if First REIT has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings (the "**ICR Requirement**"). Based on First REIT's total debt of S$477.9 million as at 31 December 2021 on a *pro forma* basis (as elaborated below), First REIT would have a debt headroom of S$231.5 million with a leverage limit of 45.0%.

- As at 31 December 2019, First REIT has a total debt of S$492.7 million (before transaction costs) and a leverage ratio of 34.5% with an interest coverage ratio of 5.0 times.
- As at 31 December 2020, First REIT has a total debt of S$492.4 million (before transaction costs) and a leverage ratio of 49.0% with an interest coverage ratio of 3.6 times.
- As at 31 December 2021, First REIT has a total debt of S$352.4 million (before transaction costs) and a leverage ratio of 33.6% with an interest coverage ratio of 5.4 times.

Following the completion of the acquisition of the Japan Nursing Homes, First REIT has a total debt of S$477.9 million (see "***Business Description of First REIT – Recent Developments – The Japan Acquisitions – The Pro Forma Financial Effects of the Japan Acquisitions – Pro Forma Capitalisation***" for further details) and a leverage ratio of 36.0% as at 31 December 2021 on a *pro forma* basis.

First REIT may, from time to time, require further debt financing to achieve its investment strategies. In the event that First REIT decides to incur additional borrowings in the future, First REIT may face adverse business consequences as a result of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements in relation to First REIT's existing asset portfolio or in relation to First REIT's acquisitions to expand its portfolio;
- a decline in the value of the deposited property may cause the borrowing limit to be exceeded, thus affecting First REIT's ability to make further borrowings; and
- cash flow shortages (including with respect to distributions) which First REIT might otherwise be able to resolve by borrowing funds.

A downward revaluation of any of First REIT's properties or investments may result in a breach of the leverage limit under the Property Funds Appendix. In the event of such a breach, First REIT would not be able to incur further indebtedness. In such circumstances, while First REIT may not be required to dispose of its assets to reduce its indebtedness, the inability to incur further indebtedness may constrain its operational flexibility.

In Japan, due to the nature of the Group's business whereby each of its Japan Nursing Homes is leased to an external operator and the Group not being able to appoint a replacement external operator readily, the number of lenders which will be willing to extend non-recourse loans to its Japanese subsidiaries is limited as such lenders will rely on the external operator's creditworthiness before extending the said non-recourse loans to the Group. Whilst the Group has been able to fund its projects and acquisitions in Japan thus far, there is no assurance that it would be able to continue doing so in the future and in such an event, the Group may not be able to carry out its projected business plans and its results of operations may be adversely affected.

First REIT may be exposed to risks associated with exchange rate fluctuations and changes in foreign exchange regulations.

First REIT's future foreign investments may be denominated in foreign currencies. However, First REIT will maintain its financial statements in Singapore Dollars. A substantial proportion of its expenses and liabilities will also be denominated in Singapore Dollars. First REIT may therefore be exposed to risks associated with exchange rate fluctuations between the Singapore Dollar and the local currency of any other foreign countries in which First REIT invests, in particular the Rupiah and Japanese Yen. For instance, as First REIT's financial statements are presented in Singapore Dollars, exchange rate gains or losses will arise when the assets and liabilities in foreign currencies are translated or exchanged into Singapore Dollars for financial reporting. If the foreign currencies depreciate against the Singapore Dollar, this may materially and adversely affect First REIT's financial results.

As part of the First REIT Manager's investment policy for First REIT to invest in a diversified portfolio of income-producing real estate and/or real estate-related assets[1] in Asia, First REIT's exposure to other currencies from the Asia region is also expected to increase if and when First REIT expands its portfolio in the Asia region. The value of the foreign currencies against the Singapore Dollar fluctuates and is affected by changes in the respective jurisdiction and international political and economic conditions and by many other factors. First REIT cannot predict the effects of exchange rate fluctuations upon its future operating results because of the number of currencies involved, the variability of currency exposure and the potential volatility of foreign exchange rates.

First REIT may face risks associated with debt financing.

First REIT is subject to risks associated with debt financing, including the risk that its cash flows will be insufficient to meet required payments of principal and interest under such financing.

First REIT may be required to repay maturing debt with funds from additional debt or equity financing or both. There is no assurance that such financing will be available on acceptable terms or at all. If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, First REIT will not be able to repay all maturing debt.

First REIT will also be subject to the risk that it may not be able to refinance its existing and/or future borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings. In addition, First REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations. Such covenants may also restrict First REIT's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase.

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1 Under the Property Funds Appendix, "**real estate-related assets**" refer to listed or unlisted debt securities and listed shares of or issued by property corporations, mortgage-backed securities, other property funds, and assets incidental to the ownership of real estate (e.g. furniture).

If the First REIT Manager's CMS Licence (as defined below) is cancelled or the authorisation of First REIT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of First REIT will be adversely affected.

The capital market services licence for REIT management issued to the First REIT Manager ("**CMS Licence**") is subject to conditions unless otherwise cancelled. If the CMS Licence of the First REIT Manager is cancelled by the MAS, the operations of First REIT will be adversely affected, as the First REIT Manager would no longer be able to act as the manager of First REIT. First REIT was authorised as a collective investment scheme on 23 October 2006 and must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of First REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

Acquisitions may not yield the returns expected, resulting in disruptions to First REIT's business and straining of management resources.

First REIT's external growth strategy and its asset selection process may not be successful. Acquisitions may cause disruptions to First REIT's operations and divert the management's attention away from day-to-day operations.

The First REIT Manager's strategy to initiate asset enhancement on some of First REIT's properties from time to time may not materialise.

The First REIT Manager may from time to time initiate asset enhancement on some of First REIT's properties. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, they may not achieve their desired results or may incur significant costs.

First REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations.

First REIT's performance depends, in part, upon the continued service and performance of the executive officers of the First REIT Manager. These key personnel may leave the employment of the First REIT Manager. If any of the above were to occur, the First REIT Manager will need to spend time searching for a replacement and the duties for which such executive officers are responsible may be affected. The loss of any of these individuals could have a material adverse effect on the financial condition and the results of operations of First REIT.

First REIT may from time to time be subject to legal proceedings and government proceedings.

Legal proceedings against First REIT and/or its subsidiaries relating to property management and disputes over tenancies may arise from time to time. There can be no assurance that First REIT and/or its subsidiaries will not be involved in such proceedings or that the outcome of these proceedings will not adversely affect the financial condition, results of operation or cash flow of First REIT.

First REIT is regulated by various government authorities and regulations. If any government authority believes that First REIT or any of its tenants are not in compliance with the regulations, it could shut down the relevant non-compliant entity or delay the approval process, refuse to grant or renew the relevant approvals or licences, institute legal proceedings to seize First REIT's properties, enjoin future action or (in the case of First REIT's subsidiaries not being in compliance with the regulations) assess civil and/or criminal penalties against First REIT, its officers or employees. Any such action by the government authority would have a material adverse effect on the business, financial condition and results of operations or cash flow of First REIT.

Uncertainties and instability in global market conditions could adversely affect First REIT's business, financial condition and results of operations.

First REIT's business is subject to fluctuations in economic conditions as well as regulatory controls regionally and globally. First REIT may expand its businesses to other countries and the risk profile of First REIT will therefore encompass the risks involved in each of the countries that First REIT and/or its subsidiaries and/or its associated companies operate in or may operate in the future. The business, financial condition and performance of First REIT may be adversely affected by any of such risks. Adverse economic and/or regulatory controls developments locally and/or globally may also have a material adverse effect on the business, financial condition, operations, performance or prospects of First REIT.

Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including the jurisdictions in which First REIT's properties are located. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in financial markets of these jurisdictions, and indirectly, in the local economy in general. Any worldwide financial instability could also have a negative impact on the local economy of a jurisdiction in which First REIT's properties are located. The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. In short, any significant financial disruption could have an adverse effect on First REIT's business, financial condition, cash flows, results of operations and future financial performance.

The recent military incursion by Russia into Ukraine could adversely impact macroeconomic conditions, give rise to regional instability and result in heightened economic sanctions from the U.S. and the international community in a manner that adversely affects the broader region, including to the extent that any such sanctions restrict First REIT's ability to conduct business and/or to utilise the banking system. Although First REIT's does not have any operations in Russia as at the Latest Practicable Date, further escalation of geopolitical tensions could have a broader impact that expands into the existing markets where First REIT does business, including but not limited to Indonesia, Japan and/or Singapore, which may adversely affect First REIT's business, financial condition and results of operations.

Similarly, the current conflict between Ukraine and Russia has created extreme volatility in the capital markets and is expected to have further global economic consequences. If the equity and credit markets deteriorate, including as a result of a resurgence of COVID-19, political unrest or war, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favourable terms, more costly or more dilutive. Political unrest, such as the current situation with Ukraine and Russia, may also cause volatility and disruption in the global economy.

Global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions, which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. These events could adversely affect First REIT insofar as they result in:

- a negative impact on the ability of the tenants to pay their rents or fees in a timely manner or continue their leases, thus reducing First REIT's cash flows;

- a decline in the demand for leased space for healthcare and/or healthcare-related purposes across the jurisdictions in which its properties may be located and the rents that can be charged when leases are renewed or new leases entered into, as compared to rents that are currently charged;

- a decline in the market value of its properties;

- access to capital markets becoming more difficult, expensive or impossible resulting in a material adverse effect on First REIT's ability to obtain debt or equity capital to fund its operations, meet its obligations, purchase additional properties or otherwise conduct its business;

- an increase in counterparty risk (being the risk of monetary loss which First REIT may be exposed to if any of its counterparties encounters difficulty in meeting its obligations under the terms of its respective transaction); and/or

- one or more of (i) First REIT's banking syndicates (if any), (ii) banks or insurers, as the case may be, providing bankers' guarantees or performance bonds for the rental deposits or other types of deposits relating to or in connection with its properties or operations or (iii) First REIT's insurers, may be unable to honour their commitments to First REIT.

There is also uncertainty as to the strength of the global economy, the potential for slowdown in consumer demand and the impact of the global downturn on the economies of the jurisdictions in which the Properties and future First REIT's properties are located. These factors could contribute to an economic decline in the relevant local economies, which may adversely affect First REIT's results of operations and future growth, and its ability to fufil its debt financing obligations (including the Bonds).

Investment in properties for healthcare and/or healthcare-related purposes in other countries will expose First REIT to additional local real estate market conditions. Other real estate market conditions which may adversely affect the performance of First REIT include the attractiveness of competing properties for healthcare and/or healthcare-related purposes or an oversupply or reduced demand for such properties.

Furthermore, First REIT will be subject to real estate laws, regulations and policies in the jurisdictions in which its properties are located. Measures and policies adopted by the local governments and regulatory authorities at national, provincial or local levels, such as government control over property investments or foreign exchange regulations, may also negatively impact its properties. Changes in the economic and real estate market conditions, as well as changes in regulatory and other governmental policies may adversely affect First REIT's results of operations.

First REIT may engage in interest rate hedging transactions, which can limit gains and increase costs.

First REIT may enter into interest rate hedging transactions to protect itself from the effects of interest rate on floating rate debt. Interest rate hedging activities may not have the desired beneficial impact on the operations or financial condition of First REIT. Interest rate hedging could fail to protect First REIT or adversely affect First REIT because, among others:

- available interest rate hedging may not correspond directly with the interest rate risk for which protection is sought;

- the party owing money in the hedging transaction may default on its obligation to pay;

- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs First REIT's ability to sell or assign its side of the hedging transaction; and

- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Such changes although unrealised would reduce the net asset value ("**NAV**") of First REIT if it is due to downward adjustments.

Interest rate hedging involves risks and transaction costs, which may reduce overall returns.

These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for repayment of debt. The First REIT Manager will regularly monitor the feasibility and value of engaging in hedging transactions, taking into account the costs involved.

First REIT may have a higher level of gearing than certain other types of unit trusts and may experience limited availability of funds and face risks associated with debt financing and refinancing.

First REIT may, from time to time, require additional debt financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. In addition, First REIT's indebtedness means that a material portion of its expected cash flow may be required to be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to First REIT for use in its general business operations. First REIT's indebtedness may also restrict its ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be particularly vulnerable in the event of a general economic downturn. The willingness of financial institutions to make capital commitments by way of investing in debt or equity instruments may for an indeterminate period be adversely affected by any financial crisis. First REIT's level of borrowings may represent a higher level of gearing as compared to certain other types of unit trust, such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments.

First REIT may also be subject to the risk that it may not be able to refinance its existing and/or future borrowings or that the terms of such refinancing may not be as favourable as the terms of its existing borrowings, particularly if there is uncertainty and instability in the global market conditions. In addition, First REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations. Such covenants may also restrict First REIT's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase. These could in turn adversely affect First REIT's cash flow and results of operations and its ability to fulfil its debt financing obligations (including the Bonds).

Occurrence of any acts of God, natural disasters, severe environmental pollution, war and terrorist attacks may adversely and materially affect the business and operations of First REIT's properties.

Acts of God, such as natural disasters, and severe environmental pollution (including severe smog), are beyond the control of First REIT or the First REIT Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. First REIT's business and income available for distribution may be adversely affected should such acts of God occur. There is no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations of First REIT's properties and hence First REIT's income available for distribution (See also "***Risk Factors – Risks Relating to First REIT's Operations – Uncertainties and instability in global market conditions could adversely affect First REIT's business, financial condition and results of operations***"). In addition, physical damage to First REIT's properties resulting from fire, earthquakes or other acts of God may lead to a significant disruption to the business and operation of its properties. This may then result in an adverse impact on the business, financial condition and results of operations of First REIT and its capital growth.

There is no assurance that First REIT will be able to leverage on the OUELH ROFR and/or the LPKR ROFR or on OUELH's or, as the case may be, LPKR's experience in the operation of healthcare assets.

In the event that First REIT Management Limited ceases to be the manager of First REIT, and OUE and/or OUELH ceases to hold(s) directly or indirectly, whether singly or in the aggregate, the single largest interest in First REIT Management Limited, First REIT may no longer be able to leverage on the OUELH ROFR and/or the LPKR ROFR or on OUELH's or, as the case may be, LPKR's (i) experience in the ownership and operation of healthcare assets, (ii) financial strength, (iii) market reach and (iv) network of contacts in the healthcare industry, to further its growth. In addition, First REIT may not be able to benefit from the range of corporate services which is available to owners of properties managed by OUELH or, as the case may be, LPKR. This may have a material and adverse impact on First REIT's results of operations and financial condition and its ability to fulfil its debt financing obligations (including the Bonds).

First REIT may not be able to control or exercise any influence over entities in which it has minority interests.

First REIT may, in the course of acquisitions, acquire minority interests in real estate-related investment entities. There is no assurance that First REIT will be able to exercise active control over such entities and the management of such entities may make decisions which could adversely affect the operations of First REIT.

The First REIT Manager may change First REIT's investment strategy.

First REIT's policies with respect to certain activities, including investments and acquisitions, will be determined by the First REIT Manager, subject to applicable laws and regulations. The First REIT Manager has stated its intention to restrict investments to income-producing real estate and/or real estate-related assets[1] in Asia that are primarily used, for healthcare and/or healthcare-related purposes. The First REIT Trust Deed grants the First REIT Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in Singapore and other jurisdictions.

The Properties and/or future acquisitions, or a part of them, may be acquired compulsorily.

In Indonesia, Law No. 2 of 2012 concerning Land Procurement for the Development for Public Interests ("**Land Procurement Law**") came into force to introduce clearer and expedited steps for procuring land for public interests, which was partially amended by Law 11 of 2020 on Job Creation ("**Omnibus Law**"). The Land Procurement Law provides a legal basis for the Indonesian government in land procurement for public interests. In order to implement the Land Procurement Law, the Indonesian government promulgated Regulation No. 19 of 2021 on Implementation of Land Procurement for the Development for Public Interests following the enactment of the Omnibus Law ("**Land Procurement Implementing Regulation**") which is further aimed at ensuring the smooth execution of development for public interests, for which the purpose of development is required by the Indonesian government, and it is also expected to provide more developed and expanded procedures for acquiring land for public interests. The Land Procurement Law also clearly stipulates that a party who owns or otherwise controls the land procurement objects (which are defined as land, space under and above the land, buildings, plants, any object related to the land or other object which could be appraised, "**Land Procurement Objects**") is obliged to release its rights upon such Land Procurement Objects for the purpose of land procurement for the development for public interests and compensation will be awarded and paid to the rightful landowner. A level of compensation is appraised and determined by a licensed appraiser. The determination by the appraisal is final and binding in the

[1] Under the Property Funds Appendix, "**real estate-related assets**" refer to listed or unlisted debt securities and listed shares of or issued by property corporations, mortgage-backed securities, other property funds, and assets incidental to the ownership of real estate (e.g. furniture).

context that such compensation is not subject to further negotiation. Any objection may be brought to a court for final decision. In light of the above, if the market value of a property or part thereof that is compulsorily acquired is greater than the compensation paid in respect of the acquired property this could have an adverse effect on First REIT's assets.

In Japan, the Japanese government has the power to acquire compulsorily any land in Japan for public interest pursuant to the provisions of applicable legislation. For example, if the Japanese government designates a land as the city planning road, such land will be compulsorily acquired by the government. The designation of the city planning road will usually be publicly announced years before the compulsory acquisition. In the event of any compulsory acquisition, the amount of compensation to be awarded is assessed on the basis prescribed in the relevant laws and regulations. If any of the Japan Nursing Homes are acquired compulsorily by the Japanese government, the level of compensation paid to OUELH TMK (Japan) pursuant to this basis of calculation may be less than the price which First REIT paid for the Japan Nursing Homes. The loss in income arising from any compulsory acquisition may adversely affect the business, financial condition and results of operations of First REIT.

In Singapore, the Land Acquisition Act 1966 of Singapore gives the Singapore government the power to, among other things, acquire any land in Singapore:

(i) for any public purpose;

(ii) where the acquisition is of public benefit or of public utility or in the public interest; or

(iii) for any residential, commercial or industrial purpose.

The compensation to be awarded pursuant to any such compulsory acquisition would be based on, among other factors:

(a) the market value of the property as at the date of the publication in the Government Gazette of the notification of the likely acquisition of the land (provided that within six months from the date of publication of such notification, a declaration of intention to acquire is made by publication in the Government Gazette); or

(b) the market value of the property as at the date of publication in the Government Gazette of the declaration of intention to acquire, in any other case.

Accordingly, if the market value of a property (or part thereof) which is acquired is greater than the applicable market value referred to above, the compensation paid in respect of the acquired property may be less than its market value and this may have an adverse effect on the assets of First REIT and its ability to fulfil its debt financing obligations (including the Bonds).

RISKS SPECIFIC TO NURSING HOMES

Various factors may adversely affect the economic performance of the Japan Nursing Homes. First, the operation of nursing homes is regulated within the framework of relevant laws and guidelines, including the Act on Social Welfare for the Elderly (*roujinhukushi-hou*) (Law No. 133 of 11 July 1963, as amended) and its relevant guidelines. If any governmental or regulatory authorities impose an administrative punishment on the nursing home industry, this may have an adverse impact on the financial performance of the Japan Nursing Homes. In addition, as it is necessary to secure adequate human resources to operate nursing homes, increasing competition among similar businesses may cause a decline in the quality of human resources (particularly nurses) and service, which is likely to exert a negative impact on occupancy levels. These factors may have a negative impact on the economic performance of nursing home properties.

Second, a decline in the nursing care market (or an increase in competition), or a general decline in the local regional or national economy, will tend to have a more immediate effect on the net operating income of properties with short term revenue sources and may lead to higher rates of delinquency or defaults.

RISKS SPECIFIC TO HOSPITALS

Hospitals are subject to unique risks.

An investment in the Bonds should be made with an understanding of the problems and risks inherent in the healthcare industry in general. Generally, hospitals are subject to governmental regulation of their medical and surgical services, a factor which could have a significant and possibly unfavourable effect on the price and availability of such services. Furthermore, hospitals face the risk of increasing competition from new products or services and the risk that technological advances will render their medical and surgical services obsolete. The rising cost of healthcare technology may adversely impact the revenue of the hospitals in the First REIT's portfolio (the "**Hospitals**"). Hospitals may also have persistent losses when adopting a new medical or surgical service, and revenue patterns may be erratic as a result. In addition, hospitals may be affected by events and conditions including, among other things, demand for services, physicians' confidence in the facility, management capabilities, competition with other hospitals, efforts by insurers to limit charges, expenses, government regulation, and the cost and possible unavailability of malpractice insurance.

If the gross revenues of the Hospitals are adversely affected because of these risks, there will consequently be an impact on the ability of the tenants of the Hospitals to make rental payments to First REIT.

Indonesian hospitals face unique risks arising from the COVID-19 pandemic.

The COVID-19 pandemic has affected the operations of a number of hospitals in Indonesia, with disruptions to hospital cash flows. The main reason for a significant reduction in outpatient volumes is due to the phenomenon that many individuals remain apprehensive about visiting hospitals due to the COVID-19 pandemic[1].

Hospital operations have faced a significant downturn due to a combination of factors, with one of the key reasons being the large influx of COVID-19 affected patients and the limited availability of facilities and resources to treat these patients. Non-COVID-19 hospitals are also witnessing a significant decrease in outpatients due to the large-scale social restrictions (also known as *Pemberlakuan Pembatasan Kegiatan Masyarakat*) imposed by the Indonesian government as the outpatients delay consultations and prefer to either administer home remedies or take the telemedicine route. In order to combat the crisis, many hospitals are initiating home-care and telemedicine (tele-consultation) for their non-COVID-19 patients. These hospitals have their on-leave medical personnel give treatment or consultation to non-COVID-19 patients as one of their outreach measures.

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1 Source: Frost & Sullivan (Singapore) Pte Ltd, *Independent Market Research on the Private Healthcare Sector in Indonesia with a focus on Siloam Group of Hospitals* (25 November 2020). Frost & Sullivan (Singapore) Pte Ltd has not provided its consent to the inclusion of the information, and is therefore not liable for such information. Neither the First REIT Manager nor the First REIT Trustee has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

Delays in surgeries also have a strong impact on patient health outcomes, hospital finances and resources, as well as training and research programmes. Many hospitals in Indonesia are at the frontline of the pandemic and have shifted most of their resources to handle COVID-19 cases. Industry sources indicate that delays in the diagnostic evaluation of patients are also likely to contribute to the backlog of elective surgeries[1]. Many diagnostic procedures, including colonoscopies, mammograms, and biopsies, are on hold during the pandemic. There are many patients who are being treated in hospitals with other diseases, such as heart disease or cancer and have a high risk of contracting the coronavirus and experience fatal complications when exposed to COVID-19. In addition, it should also be considered that patients who undergo a recovery period after surgery are at high risk of being infected with the coronavirus while they are being treated in hospital and can experience dangerous complications from this viral infection. The two key reasons for delaying surgeries are to limit the spread of the coronavirus in hospitals and to focus medical personnel, health facilities and medical equipment including beds and intensive care units, breathing aids and personal protective equipment, on handling the number of coronavirus infections. Such delays in elective surgeries are causing significant backlogs in hospitals, which has an impact on the yearly revenues of the hospitals.

Operations of the Hospitals are dependent upon those Hospitals' ability to attract and retain doctors and other healthcare professionals.

Operations at the Hospitals depend on the efforts, abilities and experience of the doctors and medical staff at the Hospitals. The Hospitals compete with other healthcare providers, including the providers located in the region, in recruiting and retaining qualified doctors and other healthcare professionals.

While Indonesian law does not permit hospitals to employ foreign doctors without first fulfilling requirements prescribed by the Minister of Health through its regulations, Indonesian doctors and nursing staff are regularly recruited by competitors outside Indonesia. The loss of some of these medical personnel, or the inability to attract or retain sufficient number of qualified doctors and other healthcare professionals, could have a material and adverse effect on the healthcare business, financial position and results of the operations, and consequently on the ability of the tenants of the Hospitals to make rental payments to First REIT.

The Hospitals may be subject to potential malpractice, negligence and other legal lawsuits.

The Hospitals run the risk of medical and legal claims and/or regulatory actions arising from the provision of healthcare services. The existence of such claims alone may tarnish the reputation of the Hospitals and/or their doctors. If such claims succeed, the Hospitals may be liable for fines or even closure. In addition, there may be difficulty obtaining and maintaining adequate liability and other insurance. These consequences may adversely affect the financial conditions and operating results of the tenants of the Hospitals, which could consequently impede their ability to make rental payments to First REIT.

Changes in or non-adherence to government healthcare regulations could impact First REIT indirectly.

Healthcare is an area that is subject to extensive government regulation and dynamic regulatory changes. The Hospitals are continuously subject to laws and regulations, including, but not limited to, licensing, facility inspections, reimbursement policies and control over certain expenditures. There may be periodic inspections by governmental and other authorities to ensure continued compliance with such laws and regulations. Failure to maintain required regulatory approvals or

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licences could materially and adversely affect the business and financial condition of the tenants of the Hospitals. Such compliance will increase operating expenses, which can diminish the ability of the tenants of the Hospitals to make rental payments to First REIT. In addition, there can be no assurance that there will not be changes in such laws and regulations, or new interpretations of such laws and regulations which may adversely affect the operations of the Hospitals, consequently having a negative impact on the ability of the tenants of the Hospitals to make rental payments to First REIT.

The operations of the Hospitals are subject to environmental risks as well as environmental and occupational health, safety and other related governmental regulations.

The Hospitals may contain, or their operations may utilise, certain materials, processes or installations which are regulated pursuant to environmental laws and regulations or may require environmental permits from regulatory authorities. These include, but are not limited to, medical or infectious waste, incinerators, expired chemicals and/or pharmaceutical products. Under Indonesian environmental laws and regulations, the party conducting the business or activity which utilises hazardous or toxic waste or other regulated materials in hospitals is responsible for the management of, and may have liabilities imposed in respect of such materials. In the case of the Hospitals, the responsible party would be its tenants who may be required to obtain a licence or permit for its business or activities and may also be liable for government fines and damages for injuries to persons, natural resources and adjacent property. The operating expenses of the tenants of the Hospitals could be higher than anticipated due to the cost of complying with existing and future environmental and occupational health, safety and other related laws and regulations. Such cost of complying with environmental laws could materially affect the ability of the tenants of the Hospitals to make rental payments to First REIT which may materially and adversely affect First REIT's financial condition and results of operations as well as its ability to fulfil its debt financing obligations (including the Bonds).

Although the Hospitals will take all steps to comply with the laws and regulations in connection with such materials, processes or installations, there is no assurance that the Hospitals will in the future maintain its environmental compliances and environmental liabilities will not exist in the future, or that any of such environmental liabilities will not be material to the Hospitals and/or First REIT.

First REIT may be affected by competition from existing healthcare service providers as well as new entrants to the market.

The healthcare services industry in the region (including Indonesia and Singapore) is very competitive, with many healthcare service providers, both private and public. A healthcare service provider in the region (including Indonesia and Singapore) faces competition from existing healthcare service providers as well as new entrants in the future. Some of these competing facilities are or may be owned and supported by governmental agencies or by endowments and charitable contributions. These types of support are not available to the lessees of the healthcare and/or healthcare-related assets owned or to be owned by First REIT.

The success of the operations of a healthcare and/or healthcare-related asset in the region (including Indonesia and Singapore) depends on the ability of the operator of these assets to compete effectively against its competitors. There can be no assurance that the lessees of the healthcare and/or healthcare-related assets owned or to be owned by First REIT will be able to compete successfully in the future.

With the potential influx of new competitors, the ability of the lessees of the healthcare and/or healthcare-related assets owned or to be owned by First REIT to retain patients and to attract new patients is important to the continued success of First REIT. There is no assurance that the patient loads of the healthcare and/or healthcare-related assets owned or to be owned by First REIT will not be affected with the entry of new competitors, which may adversely affect the operations and financial performance of these lessees and, indirectly, First REIT. In the event that any of these lessees are not able to compete effectively against their competitors, their operating results may be adversely affected and this could adversely impact such lessee's ability to make rental payments to First REIT. As a result, First REIT's financial condition and results of operations may be materially and adversely affected and this may affect First REIT's ability to fulfil its debt financing obligations (including the Bonds).

RISKS RELATING TO INVESTING IN REAL ESTATE

There are general risks attached to investments in real estate.

Investments in real estate and therefore the income generated from First REIT's properties are subject to various risks, including but not limited to:

- adverse changes in political or economic conditions;
- adverse local market conditions (such as over-supply of properties or reduction in demand for properties in the market in which First REIT operates);
- the financial condition of tenants;
- the availability of financing such as changes in availability of debt or equity financing, which may result in an inability by First REIT to finance future acquisitions on favourable terms or at all;
- changes in interest rates and other operating expenses;
- changes in environmental laws and regulations, zoning laws and other governmental laws, regulations and rules and fiscal policies (including tax laws and regulations);
- environmental claims in respect of real estate;
- changes in market rents;
- changes in energy prices;
- changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market;
- competition among property owners for tenants which may lead to vacancies or an inability to rent space on favourable terms;
- inability to renew leases or re-let space as existing leases expire;
- inability to collect rents from tenants on a timely basis or at all due to bankruptcy or insolvency of the tenants or otherwise;
- insufficiency of insurance coverage or increases in insurance premiums;
- changes in the rate of inflation and consumer price indices;
- inability of the property managers to provide or procure the provision of adequate maintenance and other services;

- defects affecting First REIT's properties which need to be rectified, or other required repair and maintenance of its properties, leading to unforeseen capital expenditure;
- the relative illiquidity of real estate investments;
- considerable dependence on cash flow for the maintenance of, and improvements to, First REIT's properties;
- increased operating costs, including real estate taxes;
- any defects or illegal structures that were not uncovered by physical inspection or due diligence review;
- management style and strategy of the First REIT Manager;
- the attractiveness of First REIT's properties to tenants;
- the cost of regulatory compliance;
- ability to rent out properties on favourable terms; and
- power supply failure, acts of God, wars, terrorist attacks, uninsurable losses and other factors.

Many of these factors may cause fluctuations in occupancy rates, rental or room rates or operating expenses, causing a negative effect on the value of real estate and income derived from real estate. The annual valuation of First REIT's properties will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of First REIT's real estate assets may be significantly diminished in the event of a sudden downturn in real estate market prices or the economies in Indonesia and/or Japan, which may adversely affect the financial condition of First REIT.

First REIT may be adversely affected by the illiquidity of real estate investments.

First REIT's investment strategy involves a higher level of risk, as compared to a portfolio which has a more diverse range of investments. Real estate investments are relatively illiquid and such illiquidity may affect First REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, property market or other conditions. First REIT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. First REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on First REIT's financial condition and results of operations, with a consequential adverse effect on First REIT's ability to deliver expected distributions to Unitholders.

First REIT's ability to fulfil its payment obligations under the Bonds may be adversely affected by increases in direct expenses and other operating expenses.

First REIT's ability to fulfil its payment obligations under the Bonds could be adversely affected if direct expenses and other operating expenses increase (save for such expenses for which First REIT is not responsible pursuant to the lease agreements) without a corresponding increase in revenue. Factors which could lead to an increase in expenses include, but are not limited to, the following:

- increase in income and/or property tax assessments and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- change in direct or indirect tax policies, laws or regulations;
- increase in sub-contracted service costs;
- increase in labour costs;
- increase in repair and maintenance costs;
- increase in the rate of inflation;
- defects affecting, or environmental pollution in connection with, First REIT's properties which need to be rectified;
- increase in insurance premium; and
- increase in cost of utilities.

All of these factors could have an adverse effect on the business, financial condition and results of operations of First REIT as well as its ability to fulfil its debt financing obligations (including the Bonds).

The rate of increase in rentals (if any) of First REIT's properties may be less than the inflation rate.

The rate of increase in rentals (if any) of First REIT's properties may be less than the inflation rate and therefore an investment in First REIT may not provide an effective hedge against inflation.

RISKS RELATING TO INDONESIA

Political and social instability may adversely affect the operations of First REIT's properties which are located in Indonesia.

Most of First REIT's properties are located in Indonesia. The First REIT Manager's asset acquisition strategy also contemplates future acquisitions of properties located in, amongst other countries, Indonesia.

Political and social developments in Indonesia have been unpredictable in the past and, as a result, confidence in the Indonesian economy and capital markets has remained low. There is no assurance that Indonesia's political landscape will not change and give rise to political instability, social and civil unrest, and disruption of businesses and the economy. These could have adverse effects on the operations of the Indonesia Properties, consequently impacting on the ability of the tenants of the Indonesia Properties to make rental payments to First REIT.

There is no assurance that the *Hak Guna Bangunan* (Right to Build) ("HGB") titles of the land parcels (on which the Indonesia Properties of First REIT's portfolio are situated) can be renewed.

As at 31 December 2021, the Indonesia Properties are mostly held via HGB titles (except Siloam Sriwijaya which is held via Right of Ownership over Strata Title (*Sertifikat Hak Milik atas Satuan Rumah Susun on HGB titles*)).

In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title. A holder of the HGB title has the right to erect, occupy and use buildings on the parcel of land and sell or assign such HGB title. A HGB title can be granted on top of state's land (*tanah negara*), right-to-manage land (*tanah hak pengelolaan*), and right-to-own land (*tanah hak milik*) and is granted for a maximum initial term of 30 years and can be extended for an additional term of 20 years. An application for extension or renewal (as applicable) of the HGB title must be submitted no later than two years prior to the expiration of the initial term. Prior to the expiration of the additional term, an application for a further renewal may be made. Although Indonesian land law does not currently provide for any limitation on the number of extensions and renewal cycles for HGB titles, there is no assurance that approval will be obtained for renewal or extension in the future.

The National Land Agency of Indonesia (*Badan Pertanahan Nasional*) tends to grant an extension or renewal of HGB title certificates, subject to there being no changes in zoning policies by the Indonesian government, abandonment of the land, destruction of land, egregious breaches of the conditions of the current HGB title by the owners of the land, and revocation of the HGB title due to public interest considerations. If the extension and/or renewal of the HGB title is not granted, the land must be returned to the holder of the underlying land title (such as the owner of the land with the right to own, the holder of the HGB title with the right to manage, or the Indonesian government if the HGB title is granted in respect of government/state-owned land). The non-renewal or non-extension of these titles could adversely affect the operations of First REIT's properties in Indonesia, which in turn may materially and adversely affect First REIT's financial condition and results of operations and its ability to fulfil its debt financing obligations (including the Bonds).

If the ownership of the Built Operate and Transfer ("BOT") land is transferred, there is no assurance that the transferee of the land will recognise the right of the BOT Grantee.

As at 31 December 2021, some of the Indonesia Properties are held via BOT schemes. Pursuant to BOT schemes, the owner of the land on which the relevant property is situated or the party that is appointed by the landowner ("**BOT Grantor**") has granted the relevant Indonesia SPC ("**BOT Grantee**"), a right to build and operate a property for a particular period of time as stipulated in the contract between the parties ("**BOT Agreement**"). Based on the BOT Agreement, the BOT Grantor is obliged to provide the relevant land ("**BOT Land**") and the BOT Grantee is obliged to build and operate the building over the BOT Land and to pay a certain amount as compensation to the BOT Grantor. Therefore, if the BOT Grantor transfers the BOT Land to another party during the term of the BOT Agreement, the BOT Grantee can make a claim against the BOT Grantor based on a breach of contract if such transfer is restricted under the BOT Agreement.

Should the BOT Grantor be wound up, any claims by the BOT Grantee may not be satisfied in part or at all by the BOT Grantor. In addition, there is no assurance that the transferee of the BOT Land will recognise the right of the BOT Grantee to build and operate a property on the BOT Land. Under such circumstances, the BOT Grantee may be required to surrender the ownership of the property to the transferee of the BOT Land before the expiry date of the relevant BOT Agreement and this may result in an adverse effect on First REIT's business, financial condition, results of operations and its level of distributable income.

The termination or the non-renewal of the BOT Agreement, or the failure of the BOT Grantee to meet its obligations under the BOT Agreement could adversely affect First REIT's business, financial condition and results of operations.

In general, under Indonesian law, a BOT Agreement for state-/regional-owned assets has a maximum term of 30 years and such term may not be extended or renewed. However, there is no statutory timeframe of the BOT for privately-owned assets. As a BOT Agreement is a contractual arrangement, the term of the BOT for privately-owned assets may be extended if agreed upon between the BOT Grantor and the BOT Grantee, provided that such extension does not exceed the maximum period of the relevant land right. There is no assurance that the respective BOT Grantor will agree to extend the term of any of the BOT Agreements. If a BOT Grantor for whatever reason does not agree to extend the term of a BOT Agreement, the relevant Indonesia SPC as BOT Grantee will have to deliver the property situated on the BOT Land without any compensation from the BOT Grantor. The BOT Grantor may also terminate the BOT Agreement unilaterally if the BOT Grantee fails to meet its obligation under the BOT Agreement. The termination or the non-renewal of the BOT Agreement, or the failure of the BOT Grantee to meet its obligations under the BOT Agreement could adversely affect First REIT's business, financial condition and results of operations.

First REIT is dependent on the quality of the titles to the Indonesia Properties.

Due to the immature nature of Indonesian property law and the lack of a uniform title system in Indonesia, there is potential for disputes over the quality of title purchased from previous landowners. In addition, there is a need to negotiate with the actual owner of the land each time land is acquired under the land title, which may result in purchases of property (and thereby the obtaining of title to the relevant land) being delayed or not proceeding in the event that negotiations are unsuccessful. Such delays in acquiring properties required for development activities could have an adverse effect on First REIT's business, financial condition and results of operations.

Terrorist attacks in Indonesia could destabilise the country.

Terrorist acts could destabilise Indonesia and increase internal divisions within the Indonesian government as it evaluates responses to that instability and unrest. Violent acts arising from, and leading to, instability and unrest have in the past had, and may continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and may have a material adverse effect on the business, financial condition, results of operations and prospects of the tenants of the Indonesia Properties. This could adversely impact the ability of the tenants of the Indonesia Properties to make rental payments to First REIT.

Economic changes in Indonesia may adversely affect the business of the tenants of the Indonesia Properties.

Most recently, the COVID-19 pandemic has impacted the global economy, including Indonesia. This has led to an increase in unemployment and a reduction in economic growth in Indonesia. A loss of investor confidence in the financial system of emerging and other markets, may cause increased volatility in the Indonesian financial markets, and a slowdown or negative growth could have material adverse effects on the business, financial condition, results of operations and prospects of the tenants of the Indonesia Properties.

Demand for healthcare services is largely dependent on the financial strength of patients and their willingness to pay for private healthcare services. A slowdown in the economy or a high unemployment rate may see more people opting for standardised low-cost public healthcare services available at government hospitals. This may thereby materially and adversely affect the ability of the tenants of the Indonesia Properties to make rental payments, and therefore, on First REIT's business, financial condition, results of operations and prospects. In addition, the general lack of available credit and lack of confidence in the financial markets associated with any market downturn could adversely affect First REIT's and its tenants' access to capital, which in turn could adversely affect First REIT's ability to fund working capital requirements and capital expenditures.

Enforcing legal rights in Indonesia is a timely, costly and complicated process and First REIT may not be able to enforce its legal rights under the existing LPKR MLAs, the restructured LPKR MLAs, the existing MPU MLAs and/or the restructured MPU MLAs in the future should LPKR, Siloam and/or MPU default under their respective Master Lease Agreements.

Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published.

Indonesia's commercial and civil laws are historically based on Dutch law as in effect prior to Indonesia's independence in 1945, and some of these laws have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading to uncertainty in the interpretation and application of legal principles in Indonesia. The application of legal principles in Indonesia depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. As a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty.

For instance, prior to the enactment of the Omnibus Law, certain obligations were imposed by the previous laws and regulations, such as (i) the registration of deeds with the Company Registration Office (*Kantor Pendaftaran Perusahaan*) as the failure to register might attract fines, imprisonment and other penalties, and (ii) reporting with the Off-Shore Commercial Borrowing Coordinating Team (*Pinjaman Komersial Luar Negeri*) known as "PKLN Team" of any offshore loans as the failure might invalidate the underlying loan agreements. In practice, these laws and regulations were not actively enforced, if at all, and this resulted in a widespread practice of companies, including companies that First REIT acquired in the past, of not adhering to the strict requirements of the applicable law and regulation.

As of now, the Government of Indonesia endeavoured to reduce certain legal uncertainties by revoking the abovementioned obligations, through the enactment of (i) the Omnibus Law, revoking the Law No. 3 of 1982 concerning Mandatory Company Registration, and (ii) Presidential Regulation No. 82 of 2020 on Management Committee of COVID-19 and Recovery of National Economy as amended with Presidential Regulation No. 108 of 2020, revoking the Presidential Decree No. 39 of 1991 concerning Coordination of Off-shore Commercial Borrowing. Nonetheless, there continues to be inconsistency of implementation and understanding among the government authorities especially those in the regional governments.

Furthermore, corruption in the court in Indonesia has been widely reported in publicly available sources. In addition, Indonesian legal principles relating to the rights of debtors and creditors, or their practical implementation by Indonesian courts, may differ materially from those that would apply in other countries. As a result, it may be more difficult for First REIT to pursue a claim against the tenants of the Indonesia Properties in Indonesia than it would be in other jurisdictions. This may adversely affect or eliminate entirely First REIT's ability to obtain and/or enforce a judgement against the tenants of the Indonesia Properties in Indonesia.

The Omnibus Law also amends several other laws (*undang-undang*) across multiple sectors. Some implementing regulations have been made available such as Government Regulation No. 47 of 2021 concerning the Implementation of the Hospital Sector, Government Regulation No. 18 of 2021 on Right to Manage, Land Title, and Land Registration, and Government Regulation No. 19 of 2021 on Implementation of Land Procurement for the Development for Public Interests.

As explained in the preceding paragraphs, the Indonesian legal system is subject to considerable discretion and uncertainty. If LPKR, Siloam and/or MPU (or any of them) terminates the existing LPKR MLAs, the restructured LPKR MLAs, the existing MPU MLAs and/or the restructured MPU MLAs (each as defined herein), First REIT may be involved in the lengthy and expensive process of enforcing its legal rights in Indonesia.

Under Indonesian law, the judgments of non-Indonesian courts are not enforceable in Indonesian courts. A foreign court judgment could be offered and accepted as evidence in a proceeding of the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate in its sole discretion. A claimant may be required to pursue claims in Indonesian courts on the basis of Indonesian law. Re-examination of the underlying claim *de novo* would be required before the Indonesian court. There can be no assurance that the claims or remedies available under Indonesian law will be the same, or as extensive, as those available in other jurisdictions.

Further, a foreign arbitration award, which meets the requirements in the New York Convention on the Recognition and Enforcement of Foreign Arbitral Award (the "**Convention**") and the requirements set out below, should be able to be recognised and enforced. The Convention has been ratified by the Republic of Indonesia pursuant to Presidential Decree Number 34 of 1981, and the procedure for enforcement in Indonesia of foreign arbitral awards is regulated by Indonesian Supreme Court Regulation Number 1 of 1990 on Procedure for Implementation of Foreign Arbitral Awards ("**Foreign Arbitral Awards Implementation Regulation**"). Almost all the articles of the Foreign Arbitral Awards Implementation Regulation are included in Law Number 30 of 1999 on Arbitration and Alternative Dispute Resolutions ("**Arbitration and Alternative Dispute Resolutions Law**"). Under the Convention and Arbitration and Alternative Dispute Resolutions Law, in order for the foreign arbitral awards to be recognised and enforced within the jurisdiction of the Republic of Indonesia, such awards must satisfy the following requirements:

(i) the award is rendered by an arbitration body or an arbitrator in a country which is bilaterally bound to the Republic of Indonesia or jointly bound with the Republic of Indonesia by an international convention on the recognition and enforcement of foreign arbitration awards. Its enforcement is based on the principle of reciprocity;

(ii) the foreign arbitration awards are only limited to awards, which according to the laws of the Republic of Indonesia, fall within the scope of its commercial law;

(iii) the foreign arbitration awards do not contravene the public order; and

(iv) a foreign arbitration award may be enforced in the Republic of Indonesia after an exequatur (writ of execution) has been obtained from the Chairman of the Central Jakarta District Court.

In addition, First REIT may take time and face difficulties in realising the value of LPKR's shares in its Indonesian subsidiaries. In addition to the expenditure of time and the challenges which First REIT may face as highlighted above, First REIT may also incur considerable costs, including professional and other fees and expenses, in the process of enforcing its legal rights in Indonesia.

The interpretation and implementation of legislation on regional governance in Indonesia is uncertain and may adversely affect First REIT's properties and operations in Indonesia.

Indonesia is a large and diverse nation, covering a multitude of ethnicities, religions, languages, traditions and customs. In 1999, the Indonesian Parliament passed Law No. 22 of 1999 on Regional Government, which was later replaced by Law No. 23 of 2014 on the same subject matter (as lastly amended by the Omnibus Law and partially revoked by Decision of Constitutional Court No. 7/PUU-XII/2015) and Law No. 1 of 2022 on Financial Relationship Between the Central Government and the Regional Government. Under these laws, regional autonomy was expected to give Indonesian regional governments greater powers and responsibilities over the use of national assets and to create a balanced and equitable financial relationship between the central and regional governments.

This regional autonomy laws and regulations have changed the regulatory environment for companies in Indonesia by decentralising certain regulatory, taxing and other powers from the Indonesian government to the regional governments, and this may create uncertainty. These uncertainties include a lack of regulations on regional autonomy and a lack of government personnel with relevant sector experience at the regional government level. Moreover, there may be limited precedents or other guidance in relation to the interpretation and implementation of the regional autonomy laws and regulations.

In addition, pursuant to the regional autonomy laws, regional governments are given the authority to adopt their own regulations. Certain regional governments have put in place various restrictions, taxes and levies (which may differ from restrictions, taxes and levies put in place by other regional governments and/or are in addition to restrictions, taxes and levies stipulated by the central government). First REIT's properties and operation in Indonesia may be adversely affected by conflicting or additional restrictions, taxes and levies that may be imposed by the relevant regional authorities.

Indonesia is located in an earthquake zone and is subject to significant geological risk.

The Indonesian archipelago is one of the most volcanically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive earthquakes and tidal waves. In recent years, a number of natural disasters have occurred in Indonesia, including major earthquakes, which resulted in tsunamis and volcanic activity.

In addition to these geological events, Indonesia has also been struck by other natural disasters such as heavy rain and flooding. All of the above resulted in loss of life, the displacement of large numbers of people and wide destruction of property. While recent seismic events and meteorological occurrences have not had a significant economic impact on Indonesian capital markets, the Indonesian government has had to spend significant amounts on emergency aid and resettlement efforts. Most of these costs have been underwritten by foreign governments and international aid agencies. However, there can be no assurance that such aid will continue to be forthcoming, or that it will be delivered to recipients on a timely basis.

If the Indonesian government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Additionally, recovery and relief efforts are likely to continue to impose a strain on the Indonesian government's finances, and may affect its ability to meet its obligations on its sovereign debt. Any such failure on the part of the Indonesian government, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings, including First REIT's, thereby materially and adversely affecting First REIT's business, financial condition, results of operations and prospects. There can be no assurance that future geological occurrences will not significantly impact the operations of the Indonesia Properties. A significant earthquake or other geological disturbance in any of Indonesia's more populated cities and financial centres could severely disrupt the Indonesian economy and the operations of the Indonesia Properties, thereby materially and adversely affecting the ability of the tenants of the Indonesia Properties to make rental payments to First REIT.

Labour activism and unrest may materially and adversely affect the Indonesia Properties.

Laws permitting the formation of labour unions, combined with weak economic conditions, have resulted, and may continue to result, in labour unrest and activism in Indonesia. In March 2003, the Indonesian government enacted Law No. 13 of 2003 concerning Labour (the "**Labour Law**") as amended by the Omnibus Law and has further issued implementing regulations which, among others, allow employees to form labour unions. In November 2020, this regulation was subsequently amended due to the enactment of the Omnibus Law which has led to immense criticism, labour unrest and activism in Indonesia due to its perceived prejudice against workers' rights.

The Labour Law requires bipartite forums with participation from employers and employees that are usually represented by the worker union consisting of participation of more than 50.0% of the employees of a company, in order for a collective labour agreement to be negotiated and, in addition, the Labour Law creates procedures that are more permissive to the staging of strikes. Labour unrest and activism in Indonesia could disrupt operations of the Indonesia Properties, and thus could materially and adversely affect the ability of the tenants of the Indonesia Properties to make rental payments to First REIT.

Indonesian currency law may expose First REIT to risks associated with exchange rate fluctuations between the Rupiah and the Singapore Dollar.

On 28 June 2011, the Indonesian government issued Law No. 7 of 2011 on Currency (*Undang Undang Mata Uang*) ("**Law No. 7/2011**"). Further, on 31 March 2015, Bank Indonesia issued regulation No. 17/3/PBI/2015 on Mandatory Use of Rupiah within the Territory of Republic of Indonesia ("**PBI No. 17/3/2015**") as the implementing regulation to the Law No. 7/2011 and enacted Bank Indonesia Circular Letter No. 17/11/DKSP of 2015 ("**CL No. 17/11/2015**") on 1 July 2015 as the implementation guideline. Article 21 of the Law No. 7/2011 and Article 2 of PBI No. 17/3/2015 require the use of Rupiah in payment transactions, monetary settlement of obligations and other financial transactions within the territory of Republic of Indonesia. PBI No. 17/3/2015 further clarifies that this regulation applies to both cash and non-cash transactions (for non-cash transactions, the regulation became effective starting 1 July 2015).

However, there are a number of exceptions to this rule, including: (i) transactions related to the implementation of the state budget; (ii) receipt or grant of offshore grants; (iii) international trade transactions (such as export-import of goods and services); (iv) bank deposits in foreign currency; (v) international financing transactions; and (vi) transactions denominated in foreign currency conducted based on prevailing laws and regulations (such as any business denominated in foreign currency conducted by banks and transactions in the primary and secondary market on Facilities issued by the government denominated in foreign currency).

The Law No. 7/2011 and PBI No. 17/3/2015 prohibit the rejection of Rupiah offered as a means of payment, or to settle obligations and/or in other financial transaction within Indonesia, unless there is uncertainty regarding the authenticity of the Rupiah bills offered, or the transactions in which the payment or settlement of obligations in a foreign currency has been agreed to in writing. Article 10 of PBI No. 17/3/2015 further explains that the exemption due to written agreements is only applicable to an agreement made for the above exempted transactions or transactions related to strategic infrastructure projects which have been approved by Bank Indonesia. However, Frequently Asked Question to PBI No. 17/3/2015 issued by Bank Indonesia further clarifies that any written agreements covering other transactions that were executed prior to 1 July 2015 will continue to be valid until their expiry date, provided that such agreements cover the non-cash payment and any amendment and/or extension to such agreements must comply with PBI No. 17/3/2015.

According to CL No. 17/11/2015, a business operator in Indonesia must quote the price of goods and/or services in Rupiah and is prohibited from conducting dual quotations where the price of goods and/or services is listed both in Rupiah and a foreign currency, anywhere including on electronic media. The restriction applies to, among others, (i) price tags, (ii) service fees, such as agent fees in the sale and purchase of property, tourism services fee or consultancy services fee, (iii) leasing fees, such as apartment rent, housing rent, office rent, land lease, warehouse lease or car lease, (iv) tariffs, such as loading/unloading tariff for cargo at the seaport or airplane ticket tariff, (v) price lists, such as a restaurant menu price list, (vi) contracts, such as clauses for pricing or fees, (vii) documents of offer, order, invoice, such as the price clause in an invoice, purchase order or delivery order, and/or (viii) payment evidence, such as the price listed in a receipt.

Further, CL No. 17/11/2015 stipulates that conditional exemptions may apply to certain infrastructure projects, among others, (i) transportation infrastructure, including airport services, seaport procurement and/or services, railways services and facilities, (ii) road infrastructure, including toll roads and toll bridges, (iii) watering infrastructure, including standard water bearer channel, (iv) drinking water infrastructure, including standard water bearer building, transmission channels, distribution channels, drinking water treatment installation, (v) sanitation infrastructure, including waste water treatment installation, collector channel and main channel, and waste facility which includes transporter and waste storage, (vi) informatics and technology infrastructure, including telecommunication network and e-government infrastructure, (vii) electricity infrastructure, including power plant, which includes power development sourcing from geothermal, transmission or distribution of electricity, and (viii) natural oil and gas infrastructure, including transmission and/or distribution of natural oil and gas. These exemptions apply if (a) the project has been declared by the central or regional government as a strategic infrastructure project, as evidenced by a formal confirmation letter from the relevant ministry/institution with regards to the project owner; and (b) an exemption approval has been obtained from Bank Indonesia. According to Law No. 7/2011 and CL No. 17/11/2015, any non-compliance with regards to the use of Rupiah for cash transactions, settlement of obligation through cash payments, other financial transactions, and/or restriction to refuse the use of Rupiah for cash transactions is punishable by up to one year of confinement or a fine of up to Rp 200 million and any non-compliance for the non-cash transactions will be subject to administrative sanctions in the form of a written warning, a fine of up to Rp 1 billion and/or restrictions on financing.

Further, to transfer payment to other party outside Indonesia, there are certain regulations that should be complied with including Bank Indonesia Regulation No. 18/19/PBI/2016 on Foreign Exchange Transaction to Rupiah between Banks and Foreign Parties ("**PBI No. 18/19/2016**") and its implementing regulations. In general, pursuant to PBI No. 18/19/2016, foreign exchange transactions against Rupiah which exceeds the following thresholds: (i) for spot transactions, a purchase of foreign exchange against the Rupiah equivalent of US$25,000 per month per foreign party, or its equivalent; and (ii) for derivative transactions, the sale and purchase of foreign exchange against the Rupiah equivalent of US$1 million per transaction per foreign party or per outstanding amount of each derivative transaction per bank, or its equivalent, can be carried out based on an underlying transaction, including, among others (a) domestic and international trade of goods and services; and/or (b) an investment in the form of direct investment, portfolio investment, loans, capital and other investment inside and outside Indonesia. The following transactions are not considered as underlying transactions: (i) the usage of Bank Indonesia Certificates for derivative transactions, (ii) a placement of funds in banks (vostro account) in the form of a saving account, demand deposit account, time deposit, or NCD, (iii) the granting of a facility which has not been withdrawn such as a standby loan and undisbursed loan, and (iv) the usage of Bank Indonesia securities in foreign currencies.

In order to implement PBI No. 18/19/2016 and to further provide detailed underlying transaction requirements and its examples, Bank Indonesia also issued the Board of Governor No. 20/17/PADG/2018 of 2018 on Foreign Exchange Transaction to Rupiah between Banks and Foreign Parties which provides that the relevant underlying transaction documents must be accompanied by a written authenticated statement letter certifying that the relevant purchase of foreign currency does not exceed the relevant monthly threshold. This statement may be in the form of an official e-mail, a SWIFT message, a negative confirmation or a business internet banking system. All underlying transaction documents must be submitted to the relevant bank within the prescribed timeline in accordance with the type of transaction: (i) at least on value date, for spot transaction; (ii) at least five (5) business days after transaction date, for plain vanilla derivative transaction; and (iii) at the latest on maturity date, if the derivative transaction will due less than five business days after transaction date.

If the funds or amount that will be transferred to is in Rupiah currency, please note that Indonesian banks cannot transfer Rupiah to persons outside of Indonesia. However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. There is no assurance that the Rupiah will not be subject to depreciation and continued volatility, that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the U.S. dollar, will not occur, or that the Indonesian government will take additional action to stabilise, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful.

If First REIT is required to receive income from its properties in Indonesia in Rupiah, its revenue may be affected by fluctuations in the exchange rates of the Rupiah. The impact of future exchange rate fluctuations on First REIT's liabilities and property expenses cannot be accurately predicted and the Rupiah may not be readily convertible or exchangeable or may be subject to exchange controls. There is also the risk that movements in the Rupiah/Singapore Dollar exchange rate may adversely affect repayments or repatriation of funds from Indonesia to Singapore. These factors may adversely affect First REIT's financial condition, results of operations and its ability to fulfil its debt financing obligations (including the Bonds).

Downgrades of credit ratings of the Indonesian government could adversely affect First REIT's business.

Certain recognised statistical rating organisations, including Moody's Investors Service Inc. ("**Moody's**") and Fitch Ratings ("**Fitch**"), have previously downgraded Indonesia's sovereign rating and the credit ratings of various credit instruments of the Indonesian government and a large number of Indonesian banks and other companies. As at 10 February 2020, Indonesia's sovereign foreign currency long-term debt is rated as investment grade by Moody's, Fitch and Standard & Poor's but there is no assurance as to future performance and ratings. Any future ratings downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Indonesian government and Indonesian companies to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. Interest rates on any floating rate Rupiah-denominated debt that First REIT may have in the future could also increase. Such events could have a material adverse effect on First REIT's financial condition, results of operations and its ability to fulfil its debt financing obligations (including the Bonds).

RISKS RELATING TO JAPAN

Some of the properties owned by First REIT or future properties to be acquired by First REIT or its subsidiaries may be designated as reserved land (*horyu-chi*) or provisionally replotted land (*kari-kanchi*) and OUELH TMK (Japan)'s rights relating to such properties may be affected by the operation of the Land Readjustment Act.

The Land Readjustment Act allows the relevant authorities to modify the location and boundaries of small roads, non-linear roads and irregularly shaped plots of land that are difficult to use efficiently and to modify the location and boundaries of any land for town planning purposes, in some cases by restructuring the ownership of land. This process, in some cases, involves the provisional replot of land, designating such land as "reserved" or "provisionally replotted". The purpose of the Land Readjustment Act is to seek to establish well-ordered urban zoning and thereby contributing to public welfare, and as such, it is a general principle that the operator designates materially the same physical plots of land as the final replotment in the final order, except in cases where it is necessary for the operator to assert ultimate authority in designating different plots from the provisionally replotted land to serve the aforestated purpose of establishing well-ordered urban zoning and contributing to public welfare. The Land Readjustment Act also allows the relevant authorities to restrict a resale or other disposition of replotted land for a certain period of time in some cases. Any of these circumstances adversely affect First REIT's business, financial condition and results of operations.

Some lands of the Japan Nursing Homes and future properties to be acquired by First REIT or its subsidiaries may be agricultural lands and there may be restrictions when such agricultural lands are transferred or leased.

Under the Agricultural Land Act, agricultural lands may not be transferred or leased for purposes other than for use as agricultural lands without first obtaining permission to convert its use from the government or the agricultural committee or, if the land is designated as an urbanisation promotion area, making prior notification to the agricultural committee. If an agricultural land is transferred or leased without obtaining permission to convert, the competent authority may issue an order to convert the land use back to agricultural land. Even if the land is used for nursing homes at the time of acquisition by First REIT or its subsidiaries, there is a risk that the competent authority may issue an order to convert the land use back to agricultural land as a result of the previous owner's failure to obtain permission to convert.

Ownership rights in some properties may be declared invalid, limited or may have defects that cannot be ascertained at the time of acquisition.

The registration of title does not guarantee absolute ownership under Japanese law. For example, if the former owner of a property which OUELH TMK (Japan) acquires from subsequently becomes subject to bankruptcy, corporate reorganisation or civil rehabilitation proceedings, OUELH TMK (Japan) could face a claim for avoidance or fraudulent conveyance. If, for example, OUELH TMK (Japan) acquired the property while the seller or a former owner was insolvent, or if as a result of the sale of the property to OUELH TMK (Japan), the seller becomes insolvent, OUELH TMK (Japan) may be required to return the property or beneficiary interest in the property to the seller or a former owner without refund of the purchase price, or pay significant amounts to settle such claims. Further, if the former owner of a property OUELH TMK (Japan) acquires was or becomes unable to pay its debts at the time of the acquisition of the property by OUELH TMK (Japan), the acquisition may be voided by the creditors of the former owner. OUELH TMK (Japan) may also lose the beneficiary interest in a trust property if it is found that the seller or a former owner originally entrusted the property with a property trustee to avoid having the property foreclosed by creditors.

Although (i) the First REIT Manager does not believe that any of the Japan Nursing Homes is currently subject to risks of this type based on the due diligence conducted for the Japan Acquisition (as defined herein) and the representations and warranties regarding their financial conditions provided by OUELH Japan Medical Facilities Pte. Ltd. ("**JMF**"), OUELH Japan Medical Assets Pte. Ltd. ("**JMA**"), and/or OUELH, and (ii) the First REIT Manager will conduct the due diligence in the same manner at the future acquisition of properties by First REIT or its subsidiaries so that such properties are not subject to significant risks of this type and will ask for the same kind of representations and warranties at the time of future acquisition, these risks cannot be completely eliminated. As a result, changes in the conditions of any owners or former owners of the Japan Nursing Homes or the future properties to be acquired by First REIT or its subsidiaries could jeopardise the ownership of the properties by First REIT or its subsidiaries.

Due to time constraints and other issues that arise in connection with the acquisition of land for logistics properties, land is often acquired before it is possible to ascertain the boundaries of such land or obtain consents from adjoining landowners. Although the First REIT Manager has been advised by their Japanese counsel that nothing has been uncovered during due diligence that would suggest that any of the Japan Nursing Homes is currently subject to risks of this type, and the First REIT Manager does not believe that any of the Japan Nursing Homes is currently subject to risks of this type based on the due diligence conducted for the acquisition of the Japan Nursing Homes, and the First REIT Manager will conduct the due diligence in the same manner at the future acquisition of properties by First REIT or its subsidiaries so that such properties are not subject to significant risks of this type, these risks cannot be completely eliminated. For the avoidance of doubt, due diligence has been conducted on the Japan Nursing Homes to ascertain the boundaries of the underlying land of the Japan Nursing Homes and, if such boundaries are not ascertained, to check whether any disputes may arise against the adjoining landowners. In such a case, and where a boundary dispute arises, pursuant to which it is determined that the land area held by OUELH TMK (Japan) is less than originally anticipated, the neighbouring landowners may possess land that is required for the operation of First REIT's assets. Litigation expenses and damages in connection with boundary disputes may also result in unexpected expenses, and failure to ascertain boundaries at the time of acquisition may lead to delays and other issues when trying to dispose of such land.

Even if acquisition of the land by First REIT or its subsidiaries were based on appropriate due diligence, including a review of the real estate register of the land, OUELH TMK (Japan) may fail to acquire appropriate rights with regard to such land since the actual circumstances regarding the ownership of such land may differ from those recorded in the real estate register. While OUELH TMK (Japan) may seek an indemnity from sellers or other appropriate parties to the extent legally or contractually permissible, each indemnifying party may ultimately fail to satisfy the liabilities that it may owe to OUELH TMK (Japan) under such indemnity. There is also no title insurance available in Japan, which limits First REIT's ability to obtain protection from property ownership risks. In the event that the Group may not be able to assert the ownership over the relevant property, this could have a material adverse effect on First REIT's business, financial condition and results of operations.

The Group may lose its rights in a property they intend to acquire if the purchase of the property is recharacterised as a secured financing.

Depending on the underlying facts and circumstances surrounding the purchase of a property, the purchase may not meet "true sale" requirements under Japanese law and may be recharacterised as a secured financing. In such a case, the relevant property would be deemed to be an asset of the seller, and the Group would lose its ownership interest in the property and would instead hold only a security interest in the property. Under Japanese law, whether a purchase may be recharacterised as a secured financing is determined through a consideration of various factors, including, without limitation, the intention of the seller and purchaser, whether the seller recorded the purchased property on its balance sheet, whether the seller transferred the economic risk to the purchaser, and whether the seller and purchaser contracted a buy-back arrangement permitting the seller to reacquire the property. Such recharacterisation could occur when the seller becomes insolvent by way of bankruptcy, corporate reorganisation or civil rehabilitation proceedings. Although First REIT has no reason to believe that the acquisition of any of the Japan Nursing Homes by OUELH TMK (Japan) would be recharacterised as a secured financing, any such acquisition may be subsequently recharacterised following a legal or regulatory proceeding. This could have a material adverse effect on First REIT's business, financial condition and results of operations.

Countries in Asia have experienced a number of major natural catastrophes over the years, such as earthquakes in Japan which, were they to recur, may materially disrupt and adversely affect the Japan Nursing Homes, financial position and results of operations.

Severe weather conditions and natural disasters such as major earthquakes may affect the operations of the Japan Nursing Homes. These events may cause substantial structural and physical damage to the buildings, resulting in expenses being incurred in order to repair the damage caused. In cases where the severity of such events causes the collapse of or irreparable damage to the buildings, this may result in the suspension of the operations of the properties and temporary or permanent loss in rental revenue. The environmental conditions may also cause disruptions, affect investments and result in various other adverse effects on the relevant economy in which severe weather conditions and natural disasters occur in general. This may lead to a decreased demand for properties for healthcare and/or healthcare-related in the relevant economy. There could therefore be a material adverse impact on the capital growth of First REIT and/or on the results of operations and financial condition of First REIT.

For example, earthquakes in Japan may materially disrupt and affect the business and operations of the Japan Nursing Homes. With respect to the Japan Nursing Homes, although it has a relatively low portfolio probable maximum loss of 6.2%, there is no assurance that there will be no substantial or irreparable structural and physical damage to the Japan Nursing Homes in the event of major earthquakes, which may result in expenses being incurred by First REIT in order to repair the damage caused and material disruption or suspension of the operations of the properties, thereby resulting in temporary or permanent loss in rental revenue. This may in turn adversely affect First REIT's financial condition.

The Japan Nursing Homes may violate earthquake resistance building codes, requiring expenditure by First REIT to rectify the non-compliance or repair extensive damage caused during an earthquake.

Insofar as the First REIT Manager is aware, it believes that all of the Japan Nursing Homes were built in accordance with earthquake resistance building codes by the developers having followed the necessary procedures at the time of construction of the Japan Nursing Homes. However, there can be no assurance that any of the Japan Nursing Homes will not subsequently be discovered to have been built in violation of earthquake resistance building codes despite due diligence which has been conducted on the Japan Nursing Homes by the First REIT Manager and the technical advisers prior to the acquisitions. There can also be no assurance that buildings located on the Japan Nursing Homes will not subsequently be discovered to have violated earthquake resistance building codes as a result of a change in the building conditions by the tenants or any other parties. First REIT may be required to spend large sums of money and dedicate significant resources to strengthen the affected buildings. Furthermore, these non-compliant buildings may collapse or suffer extensive damage even in a minor earthquake. Should any of such buildings be heavily damaged and/or endanger lives during an earthquake, First REIT may be required to compensate victims, incur huge costs to repair the buildings, and suffer a loss of revenue. First REIT may also be subject to penalties and fines arising from such non-compliance. These losses and expenditures may exceed any indemnity, damages awarded or insurance proceeds (if available) paid to First REIT. This would in turn adversely affect First REIT's financial condition.

The Japan Nursing Homes are subject to environmental laws and regulations.

With respect to the management of the Japan Nursing Homes, OUELH TMK (Japan) is bound by environmental laws and regulations such as the Soil Contamination Countermeasures Act of Japan (Act No. 53 of 2002, as amended) (the "**Soil Contamination Countermeasures Act**"), the Water Pollution Prevention Act of Japan (Act No. 138 of 1970, as amended), the Waste Management and Public Cleaning Act of Japan (Act No. 137 of 1970, as amended) and the Environmental Impact Assessment Act of Japan (Act No. 81 of 1997, as amended). Substantial future liabilities could arise as a result of the OUELH TMK (Japan)'s failure to comply with these laws and regulations. Even though there are currently no such liabilities which have a material adverse impact on the Japan Nursing Homes, major revisions to such laws or new regulations affecting operations of the Japan Nursing Homes are enacted in the future, the OUELH TMK (Japan) will be forced to adapt to those new laws and regulations possibly at a substantial cost, which could have a material adverse effect on the results of operations, the financial condition of First REIT.

First REIT may be exposed to risks associated with changes in Japanese tax laws.

The legal and regulatory framework governing TMKs continues to evolve and be reviewed by lawmakers and regulators. Changes, if any, may significantly increase OUELH TMK (Japan)'s tax burden for any fiscal period, and the amount of distributions First REIT may make to the Unitholders would consequently be reduced.

First REIT may be exposed to risks associated with applications of treaty benefits under the Singapore-Japan Avoidance of Double Taxation Agreement.

The application of the reduced withholding tax rate under the Singapore-Japan Avoidance of Double Taxation Agreement ("**Singapore-Japan DTA**") on the dividend income receivable by JMF is subject to certain conditions. These include the requirement for the recipient of such income to be the beneficial owner of the income and to be a tax resident of Singapore. Additionally, with the entry into force of the Instrument of Ratification for the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (commonly known as the Multilateral Instrument in short) with effect from 1 April 2019, the application of treaty benefits is also subject to the principal purpose test. Under the principal purpose test, treaty benefits would be denied if one of the principal purposes of the transaction or arrangement is to obtain such treaty benefits (unless it is established that granting these benefits would be in accordance with the object and purpose of the provisions of the treaty).

While the First REIT Manager believes that JMF should be able to meet the requisite conditions to benefit from the reduced withholding tax rate provided under the Singapore-Japan DTA for dividends, there can be no assurance that the Japanese tax authorities will not take a contrary position. Where the reduced withholding tax rate is not applicable, the Japanese domestic dividend withholding tax rate of 20.42% (inclusive of the 2.1% surtax applying till 31 December 2037) would apply and this would reduce First REIT's income from OUELH TMK (Japan).

There is no public system to search for the existence of pending lawsuits or other disputes in Japan.

As there is no public system available to search for the existence of pending lawsuits or other disputes in Japan, due diligence investigations regarding the existence of lawsuits or other disputes are limited to interviewing the relevant parties. Any such pending disputes may have a material adverse effect on the business, financial condition, results of operation or cash flow of First REIT.

RISKS RELATING TO THE BONDS

Unless otherwise defined herein, terms capitalised in this section "***Risks Relating to the Bonds***" shall have the same meanings given to them in the section entitled "***Terms and Conditions of the Bonds***". All references to a "**Condition**" are to a condition under the Bonds and all references to a "**Clause**" are to a clause in the Trust Deed.

There can be no assurance that the use of proceeds from the Bonds will be suitable for the investment criteria of an investor.

The net proceeds from the issue of the Bonds will be used by the Issuer specifically for the refinancing of the existing term loan of First REIT due in May 2022, which falls within the Eligible Project Categories under First REIT's Social Finance Framework as set out in the section on "***Social Finance Framework***" below. No assurance is given by the Issuer, the First REIT Manager or the Joint Lead Managers that the use of such proceeds under the Eligible Project Categories will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect social impact of any projects or uses, the subject of or related to, any Eligible Project Categories.

While it is the intention of the Issuer to apply the proceeds of any Bonds so specified in, or substantially in, the manner described under "***Social Finance Framework***" below, there can be no assurance that the relevant project(s) or use(s) (including those the subject of, or related to, any Eligible Project Categories) will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such project(s) or use(s). Nor can there be any assurance that any projects within the Eligible Project Categories will be completed within any specified period or at all or with the results or outcome (whether or not related to social issues) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Bonds.

Furthermore, although the proceeds from the issue of the Bonds are intended to be used in accordance with, among others, the Social Bond Principles (2021) as published by the International Capital Market Association ("**ICMA**"), as set out under "***Social Finance Framework***" below, it should be noted that while ICMA and some case studies have provided some guidance, there is currently still no clear definition (legal, regulatory or otherwise) of, nor widespread market consensus as to what constitutes, a "social" or an equivalently-labelled project, or as to what precise attributes are required for a particular project to be defined as "social" or such other equivalent label. As such, there can be no assurance that a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any project(s) or use(s) the subject of, or related to, any Eligible Project Categories will meet any or all investor expectations regarding such "social" or other equivalently-labelled performance objectives or that any adverse social and/or other impacts will not occur during the implementation of any project(s) or use(s) the subject of, or related to, any Eligible Project Categories.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of the Bonds and in particular with any Eligible Project Categories to fulfil any social and/or other criteria. For the avoidance of doubt, any such opinion or certification (i) is not, nor shall be deemed to be, incorporated in and/or form part of the Offering Circular and (ii) would only be current as of the date that it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Bonds. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight. Further, the limited assurance report prepared in relation to the Social Finance Framework is prepared for the management of the Issuer and disclaims any assumption of responsibility for reliance by any other person.

Any such event or failure to apply the proceeds of the issue of Bonds for any project(s) or use(s) under the Eligible Project Categories, and/or withdrawal of any opinion or certification as described above or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on may have a material adverse effect on the value of such Bonds and also potentially the value of any other bonds which are intended by the Issuer to finance projects within the Eligible Project Categories and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of the Bonds in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

- understand thoroughly the terms of the Bonds; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Bonds are legal investments for it; (ii) the Bonds can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

The Bonds are subject to transfer restrictions

The Bonds and the CGIF Guarantee will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States. They may only be sold outside the United States in reliance on Regulation S, or, if available, pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and, in each case, in accordance with applicable state securities laws. In addition, subject to the conditions set forth in the Trust Deed, a Bond may be transferred only if the principal amount of Bonds transferred and, where not all of the Bonds held by a Bondholder are being transferred, the principal amount of the balance of Bonds not transferred is at least S$250,000. For a further discussion of the transfer restrictions applicable to the Bonds, see the sections entitled "***Terms and Conditions of the Bonds***" and "***Subscription and Sale***".

There is no existing trading market for the Bonds and, therefore, the Bonds offer limited liquidity

The Bonds constitute a new issue of securities which may not be widely distributed and for which there is currently no existing market.

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Bonds. If an active trading market for the Bonds does not develop or is not maintained, the market price and liquidity of the Bonds may be adversely affected. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the price at which the Bonds are issued depending on many factors, including:

- prevailing interest rates;
- First REIT's results of operations and financial condition;
- the market conditions for similar securities; and
- the financial condition and stability of financial and other sectors.

In addition, there may be a limited number of buyers when investors decide to sell their Bonds. This may affect the prices, if any, offered for Bonds or investors' ability to sell their Bonds when desired or at all.

The liquidity and price of the Bonds following the offering may be volatile

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in First REIT's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There can be no assurance that these developments will not occur in the future.

Bondholders are bound by decisions of defined majorities in respect of any modification and waivers

The Trust Deed contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of Bondholders may be adverse to the interests of the individual Bondholders.

Also, Condition 13 (*Meetings of Bondholders – Modification and Waiver*) provides that the Trustee may, with the consent of CGIF but without the consent of the Bondholders, agree (but shall not be obliged to agree) (i) to any modification of the Conditions, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter) if such modification will not be materially prejudicial to the interests of Bondholders; and (ii) to any modification of the Bonds, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error or which is necessary to comply with mandatory provisions of law.

In addition, the Trustee may, with the consent of CGIF but without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if the interests of the Bondholders will not be materially prejudiced thereby, provided that the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 9 (*Events of Default*).

The Trustee's ability to accelerate the Bonds is limited pursuant to the terms of the Trust Deed

Under the terms of the Trust Deed, the Trustee has agreed with CGIF that it shall not take steps to declare any Bond to be or become immediately due and payable except in limited circumstances.

Unless the prior written consent of CGIF is obtained, these circumstances are strictly limited to the failure by CGIF to make payment of a Guaranteed Amount in accordance with the CGIF Guarantee such that a Non-Payment Event has occurred and is continuing (a "**Guaranteed Party Acceleration**").

In particular, potential investors should be aware that the Trustee is not permitted under the Conditions to take steps to declare any Bond to be or become immediately due and payable if an Event of Default has occurred and is continuing without the prior written consent of CGIF.

In certain circumstances, including, without limitation, the giving of a Guaranteed Party Acceleration Notice to the Guarantor pursuant to Clause 3.3 (*Acceleration*) of the Trust Deed and taking enforcement steps pursuant to Condition 14 (*Enforcement*), the Trustee may, at its sole discretion, request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of holders of the Bonds. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed or the Conditions or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Bonds to take such actions directly.

Credit ratings may not reflect all risks and the ratings assigned to the Bonds may be lowered or withdrawn in the future

Credit ratings may not reflect all risks and any downgrade in ratings may affect the market price of the Bonds.

The Bonds are expected to be rated AA by S&P. The ratings address the Issuer's and the Guarantor's ability to perform their obligations under the Bonds and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold the Bonds and may be subject to revision, suspension or withdrawal at any time. Further, the ratings may not reflect the potential impact of all risks that may affect the value of the Bonds including those relating to the structure of the Bonds or the CGIF Guarantee, market conditions and the factors discussed in this section. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgement circumstances in the future so warrant. None of the Issuer, the First REIT Manager and the Guarantor has any obligation to inform holders of the Bonds of any such revision, downgrade or withdrawal. A suspension, downgrade or withdrawal at any time of the rating assigned to the Bonds may adversely affect the market price of the Bonds.

The Bonds will initially be held in book-entry form, and therefore Bondholders must rely on the procedures of the relevant clearing systems to exercise any rights and remedies

The Bonds will initially only be issued in registered form and held through CDP. Interests in the Global Certificate representing the Bonds will trade in book-entry form only, and Bonds in definitive registered form will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Bonds for purposes of the Trust Deed. Accordingly, Bondholders must rely on the procedures of CDP, and if a Bondholder is not a participant in CDP, on the procedures of the participant through which such Bondholder owns its interest, to exercise any rights and obligations of a holder of Bonds under the Trust Deed.

Upon the occurrence of an Event of Default, unless and until definitive registered Bonds are issued in respect of all book-entry interests, if a Bondholder owns a book-entry interest, such Bondholder will be restricted to acting through CDP. The procedures to be implemented through CDP may not be adequate to ensure the timely exercise of rights under the Bonds. See "***Terms and Conditions of the Bonds – Condition 2 (Register, Title and Transfers)***".

The Issuer may be unable to redeem the Bonds

On certain dates, including at maturity of the Bonds, if the Issuer has or will become obliged to pay certain taxes or in the event of a CGIF Acceleration Event, the Issuer may, and at maturity, will be required to redeem all of the Bonds. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The Issuer's ability to redeem the Bonds in such event may also be dependent on the receipt of the relevant Guaranteed Amounts (as defined herein) from the Guarantor. Failure by the Issuer to pay any amount of principal in respect of the Bonds on the scheduled redemption at maturity or on an early redemption, would constitute an Event of Default.

Enforceability of Arbitral Awards

The Trust Deed, the Agency Agreement, the Bonds are governed by Singapore law whilst the CGIF Guarantee is governed by English law and the parties have agreed that disputes arising under the Bonds and the CGIF Guarantee are subject to arbitration in Singapore under the SIAC Arbitration Rules.

CGIF is established by the Association of Southeast Asian Nations members, China, Japan, Korea (the "**CGIF Member Countries**") and the Asian Development Bank as a key component of the Asian Bond Markets Initiative. A substantial part of CGIF's assets is located outside of Singapore. Therefore, even though the Trustee may obtain an arbitral award in Singapore against CGIF in arbitration proceedings (an "**Award**") and the Award may be enforced in Singapore in the same manner as a judgement or order to the same effect, CGIF may not have sufficient assets in Singapore to satisfy the Award.

In this regard, pursuant to Article 2.2 of CGIF's Articles of Agreement, CGIF may only undertake its functions within the CGIF Member Countries and all CGIF Member Countries are parties to the New York Convention. Accordingly, any arbitration award obtained in a state which is party to the New York Convention should be recognised and enforceable in all CGIF Member Countries provided the conditions for enforcement set out in the New York Convention are met and certain conditions and requirements under the applicable laws of the relevant jurisdictions relating to such enforcement are complied with.

Enforcing Bondholders' rights under the CGIF Guarantee across multiple jurisdictions may be difficult

The Bonds will be issued by the Issuer, which is incorporated under Singapore law, and guaranteed by the CGIF, which is a trust fund established under public international law. The CGIF Guarantee is governed by English law. In the event of a bankruptcy, insolvency or similar event, different proceedings could be initiated in Singapore and elsewhere. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of the rights of Bondholders.

Bondholders' rights under the CGIF Guarantee will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that Bondholders will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings.

Furthermore, the bankruptcy, insolvency, administrative and other laws of Singapore may be materially different from, or be in conflict with, each other and those with which Bondholders may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether the laws of any particular jurisdiction should apply, adversely affect Bondholders, and their ability to enforce their rights under the CGIF Guarantee in the relevant jurisdiction or limit any amounts that Bondholders may receive.

Investment in the Bonds may subject Bondholders to foreign exchange risks

The Bonds are denominated in, and principal and interest on the Bonds are payable in, Singapore Dollars. If investment returns are measured by reference to a currency other than Singapore Dollars, an investment in the Bonds will entail foreign exchange-related risks, including possible significant changes in the value of the Singapore Dollar relative to the currency by reference to which such returns are measured, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of the Singapore Dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss to potential investors when the return on the Bonds is translated into the currency by reference to which such investment returns are measured. In addition, there may be tax consequences for potential investors as a result of any foreign exchange gains resulting from any investment in the Bonds.

There may be interest rate risks on an investment in the Bonds

Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Changes in market interest rates may adversely affect the value of the Bonds

Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

Singapore Taxation Risk

The Bonds are intended to be "qualifying debt securities" for the purposes of the Income Tax Act 1947 of Singapore (the "**Income Tax Act**"), subject to the fulfilment of certain conditions more particularly described in the section entitled "***Taxation – Singapore Taxation***". However, there is no assurance that the Bonds will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

Enforcement of the Bonds is subject to the Issuer's right of indemnity out of the assets of First REIT

Bondholders should note that the Bonds are issued by the Issuer and not First REIT, since First REIT is not a legal entity. Bondholders should note that under the terms of the Bonds, Bondholders shall only have recourse in respect of the Bonds to the assets of or held on trust for First REIT over which the Issuer has recourse and shall not extend to any personal or other assets of the First REIT Trustee or any assets held by Perpetual (Asia) Limited in its capacity as trustee of any trust (other than First REIT). Further, Bondholders do not have direct access to the assets of First REIT and can only gain access to such trust assets through the Issuer and if necessary seek to subrogate to the Issuer's right of indemnity out of the assets of First REIT. Accordingly, any claim of Bondholders to the assets of First REIT is derivative in nature. A Bondholder's right of subrogation could be limited by the First REIT Trustee's right of indemnity under the First REIT Trust Deed. Bondholders should also note that such right of indemnity of the First REIT Trustee may be limited or lost through fraud, gross negligence, wilful default, breach of trust or breach of the First REIT Trust Deed by the First REIT Trustee.

Performance of contractual obligations

The ability of the Issuer to make payments in respect of the Bonds may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Trustee, the Paying Agent and/or the Registrar of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Bonds, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Bondholders.

Risks Relating to the Guarantor and the CGIF Guarantee

Other than scheduled principal amounts, scheduled interest and certain other amounts, not all amounts due in respect of the Bonds are guaranteed by CGIF

Pursuant to the terms of the CGIF Guarantee, CGIF shall irrevocably and unconditionally guarantee to the Trustee, on behalf of the Bondholders, the full and punctual payment of each Guaranteed Amount. For the purposes of the CGIF Guarantee, "**Guaranteed Amount**" means:

- any Principal Amount and any Scheduled Interest which is overdue and unpaid (whether in whole or in part) by the Issuer under the Terms and Conditions of the Bonds and the Trust Deed;

- any Additional Accrued Interest; and

- any Trustee Expenses (in each case as defined in the CGIF Guarantee).

A Guaranteed Amount does not include any increased costs, tax-related indemnity (but for the avoidance of doubt includes any additional amounts required to be paid to the Bondholders due to a tax deduction and the operation of Condition 8 (*Taxation*), provided that the Guaranteed Amount will only include the original amount which would have been due from the Issuer if no tax deduction were required), default interest, fees or any other amounts save as provided above.

The obligations of the Guarantor under the CGIF Guarantee are secondary obligations only

The CGIF Guarantee is governed by English law. Under English law generally, the liability of a guarantor (in this case, the Guarantor) is ancillary, or secondary, to that of the principal debtor (in this case, the Issuer), in the sense that the principal debtor remains primarily liable to creditors (in this case, the Trustee, on behalf of the Bondholders) and the guarantor's liability depends upon the continued existence and validity of the principal debtor's liability. The Guarantor's liability under the CGIF Guarantee is therefore co-extensive with that of the Issuer. Consequently, and in the absence of agreement to the contrary, a guarantor's liability will normally be extinguished if the principal debtor's obligation is void or unenforceable, has not yet arisen or has been released, or if a defence or right of set-off is available to the principal debtor.

Accordingly, English law guarantees in debt capital markets transactions customarily include provisions:

- aimed at protecting creditors by preserving a guarantor's liability in circumstances where it would otherwise be discharged, for example, in the event of any unenforceability, illegality or, invalidity of any obligation of any person under any of the bond documents (such as a trust deed, agency agreement or guarantee) or any other document or security ("**Protective Provisions**"); and

- to the effect that the guarantor shall be liable as if it were the principal debtor and not merely a surety, and an indemnity, to provide that the guarantor will be liable as a primary obligor in the event that the original guaranteed obligations were to be set aside for any reason ("**Co-Principal Debtor Provisions**").

Potential investors should therefore be aware that while the CGIF Guarantee does provide for certain customary Protective Provisions whereby the Guarantor's liability is preserved (and shall remain in force) notwithstanding any act, omission, event or thing of any kind which, but for the Protective Provisions, would reduce, release or prejudice any of the Guarantor's obligations, neither the CGIF Guarantee nor the Trust Deed provides for any Co-Principal Debtor Provisions. See "***Appendix A: Form of CGIF Guarantee.***"

Accordingly, in the event that the Issuer's obligations under the Bonds and/or the Trust Deed (i.e., the primary obligations which are the subject of the CGIF Guarantee) cease to exist in circumstances that are not contemplated by the Protective Provisions, the Trustee may not be able to make a claim under the CGIF Guarantee for any Guaranteed Amount in the event of a failure by the Issuer to meet its obligations under the Bonds (including, without limitation, a Missed Payment Event).

CGIF's right to accelerate following a CGIF Acceleration Event

Prospective investors should be aware that the Bonds may be redeemed in certain circumstances at the election of CGIF. At any time following the occurrence of a CGIF Acceleration Event, CGIF may at its discretion, on giving not less than seven nor more than 15 days' notice to the Issuer, the Trustee and the Paying Agent, require the Issuer to redeem the Bonds in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption following which the Issuer shall immediately, or if the Issuer fails to do so CGIF may, give notice to the Bondholders, the Trustee and the Paying Agent (which notice shall be irrevocable).

A "**CGIF Acceleration Event**" occurs if:

- an Issuer Event of Default has occurred; or
- a Missed Payment Event has occurred and is continuing and irrespective of whether or not CGIF has already paid any Guaranteed Amounts in respect of such Missed Payment Event; or
- any term or provision of the Conditions, the Trust Deed or the Agency Agreement has been amended, modified, varied, novated, supplemented, superseded, waived or terminated without the prior written consent of CGIF as required pursuant to the terms of the CGIF Guarantee, Trust Deed or the Agency Agreement, as the case may be; and

CGIF has delivered a CGIF Acceleration Notice (substantially in the form of Schedule 5 to the Trust Deed (*Form of CGIF Acceleration Notice*)) to the Trustee in accordance with the Trust Deed.

The CGIF Acceleration Notice will, among other things, contain a written confirmation that CGIF will pay all unpaid Guaranteed Amounts.

Obligations of CGIF do not constitute an obligation of the Asian Development Bank

The obligations of CGIF under the CGIF Guarantee do not constitute an obligation of the Asian Development Bank or any other contributors to CGIF. Bondholders' recourse to CGIF under the CGIF Guarantee and any Bond Document (as defined in the CGIF Guarantee) is therefore limited solely to the assets of CGIF, which are all property and assets of CGIF held in trust in accordance with the Articles of Agreement of CGIF and available from time to time to meet the liabilities of CGIF ("**CGIF Assets**") and Bondholders have no recourse to any assets of the Asian Development Bank or any other contributors to CGIF. For the avoidance of doubt, CGIF Assets do not include any assets of the Asian Development Bank or any other contributors to CGIF. Notwithstanding any other provisions under the CGIF Guarantee or any Bond Document (as defined in the Trust Deed), neither the Asian Development Bank nor any other contributors to CGIF or the officers, employees or agents of any contributor to CGIF shall be subject to any personal liability whatsoever to any third party including the Trustee in connection with the operation of CGIF or under the CGIF Guarantee or any Bond Document (as defined in the Trust Deed). Neither Bondholders nor the Trustee may bring any actions against the Asian Development Bank as the trustee of CGIF or as contributor to CGIF or against any other contributors to CGIF or any of their respective officers, employees or agents in connection with the CGIF Guarantee.

TERMS AND CONDITIONS OF THE BONDS

*The following is the text of the Terms and Conditions of the Bonds (the "**Conditions**") which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Bonds. All references to a "**Condition**" are to a condition in the Terms and Conditions of the Bonds.*

The S$[●] in aggregate principal amount of [●] per cent. senior unsecured guaranteed bonds due [●] (the "**Bonds**") of Perpetual (Asia) Limited (in its capacity as trustee of First Real Estate Investment Trust ("**First REIT**")) (the "**Issuer**") are constituted by, are subject to, and have the benefit of, a trust deed dated [●] 2022 (as amended, restated, replaced or supplemented from time to time, the "**Trust Deed**") between the Issuer, Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank, as guarantor ("**CGIF**" or the "**Guarantor**") and The Bank of New York Mellon, Singapore Branch as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of a guarantee agreement dated [●] 2022 (as amended, restated, replaced or supplemented from time to time, the "**CGIF Guarantee**") between the Guarantor and the Trustee, and an agency agreement dated [●] 2022 (as amended, restated, replaced or supplemented from time to time, the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon, Singapore Branch as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Bonds), as paying agent (the "**Paying Agent**", which expression includes any successor paying agent appointed from time to time in connection with the Bonds) and as transfer agent (the "**Transfer Agent**", which expression includes any successor or additional transfer agent(s) appointed from time to time in connection with the Bonds) and the Trustee. References herein to the "**Agents**" (as defined below) are to the Registrar, the Transfer Agent and the Paying Agent and any reference to an "**Agent**" is to any one of them.

Certain provisions of these terms and conditions are summaries of the Trust Deed, the CGIF Guarantee and the Agency Agreement and subject to their detailed provisions. The Bondholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the CGIF Guarantee and the Agency Agreement applicable to them. Copies of the Trust Deed, the CGIF Guarantee and the Agency Agreement are available for inspection by Bondholders during normal business hours upon prior written request and satisfactory proof of holding at the Specified Office of the Paying Agent, the initial Specified Office of which are set out below.

1. FORM, DENOMINATION, STATUS AND GUARANTEE

(a) *Form and denomination*: The Bonds are in registered form in the denomination of S$250,000 (an "**Authorised Denomination**").

(b) *Status of the Bonds*: The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future.

(c) *Guarantee of the Bonds*: The payment obligations of the Issuer in respect of all scheduled principal and interest payments when due under the Bonds and the Trust Deed are unconditionally and irrevocably guaranteed by the Guarantor to the extent of, and in accordance with and subject to the terms of, the CGIF Guarantee. Such obligations of the Guarantor under the CGIF Guarantee are direct, unconditional and general obligations of the Guarantor and rank *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

The CGIF Guarantee does not cover any relevant amounts of principal or accrued but unpaid interest that become payable by the Issuer on the exercise by it of an early redemption option, including as a result of the Issuer's redemption for tax reasons (Condition 6(b) (Redemption and Purchase – Redemption for tax reasons)). In order to mitigate any risk of the Issuer not paying the relevant amount of principal and/or accrued but unpaid interest arising out of or in connection with the Issuer exercising any of its rights of early redemption, the Issuer, in exercising its rights for redemption for tax reasons, is required to, not less than one Business Day prior to the publication of any notice of redemption in relation to redemption for tax reasons under Condition 6(b) (Redemption and Purchase – Redemption for tax reasons), transfer to a Singapore dollar account maintained by the Paying Agent for the benefit of the Bondholders an amount in Singapore dollars in immediately available cleared funds sufficient to redeem the Bonds at their principal amount together with any interest accrued but unpaid to the relevant date fixed for redemption.

(d) *Limitation on the Guarantor's Liabilities*: The recourse of the Bondholders against CGIF in respect of the CGIF Guarantee is limited solely to the CGIF Assets. By its holding of a Bond each Bondholder will be deemed to acknowledge and accept that it, and the Trustee on its behalf, only has recourse to the CGIF Assets and neither the Trustee nor any Bondholder has recourse to any assets of the Asian Development Bank or any other contributors to the Guarantor and any obligation under the CGIF Guarantee shall not constitute an obligation of the Asian Development Bank or any other contributors to the Guarantor.

By its holding of a Bond each Bondholder will be deemed to further acknowledge and accept that neither the Asian Development Bank nor any other contributors to the Guarantor or the officers, employees or agents of the Asian Development Bank or any contributor to the Guarantor shall be subject to any personal liability whatsoever to any third party, including each Bondholder, in connection with the operation of the Guarantor or under the CGIF Guarantee and they may not bring any action against the Asian Development Bank, as the trustee of the Guarantor or as contributor to the Guarantor, or against any other contributors to the Guarantor or any of their respective officers, employees or agents.

2. REGISTER, TITLE AND TRANSFERS

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Bonds in accordance with the provisions of the Agency Agreement. A certificate (each, a "**Certificate**") will be issued to each Bondholder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

*Upon issue, the Bonds will be evidenced by a global certificate in the aggregate principal amount of the Bonds (the "**Global Certificate**") substantially in the form scheduled to the Trust Deed and deposited with the Central Depository (Pte) Limited ("**CDP**"). Interests in the Global Certificate shall be exchangeable for individual Certificates only in the circumstances set out therein.*

*The Bonds will be traded on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in a minimum board lot size of S$250,000 for as long as the Bonds are listed on the SGX-ST and the listing rules of the SGX-ST so require.*

(b) *Title*: Each Bondholder shall (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated as the absolute owner of such Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Bondholder. No person shall have any right to enforce any term or condition of the Bonds or the Trust Deed under the Contracts (Rights of Third Parties) Act 2001.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Bond may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed and executed, at the Specified Office of the Registrar or the Transfer Agent, together with such evidence as the Registrar or (as the case may be) the Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided**, **however**, **that** a Bond may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a Bondholder are being transferred) the principal amount of the balance of Bonds not transferred are Authorised Denominations. Where not all the Bonds represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor.

Transfers of interests in the Bonds evidenced by the Global Certificates will be effected in accordance with the rules and procedures for the time being of CDP.

(d) *Registration and delivery of Certificates*: Within seven (7) business days of the surrender of a Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Bonds transferred to each relevant Bondholder at its Specified Office or (as the case may be) the Specified Office of the Transfer Agent or (at the request and risk of any such relevant Bondholder) by uninsured mail to the address specified for the purpose by such relevant Bondholder. In this paragraph, "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(e) *No charge*: The transfer of a Bond will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent but (i) against such payment or indemnity as the Registrar or (as the case may be) the Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer, (ii) upon the Registrar or (as the case may be) the Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application, and (iii) upon the Issuer and/or the Registrar and/or the Transfer Agent being satisfied that the Regulations (as defined in the Agency Agreement) concerning the transfer of Bonds have been complied with.

(f) *Closed periods*: Bondholders may not require transfers to be registered (i) during the period of fifteen (15) days ending on the due date for any payment of principal or interest in respect of the Bonds, or (ii) after any such Bond has been called for redemption.

(g) *Regulations concerning transfers and registration*: All transfers of Bonds and entries on the Register are subject to the detailed regulations concerning the transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by (i) the Issuer with the prior written approval of the Trustee and the Registrar, or (ii) the Registrar with prior written approval of the Issuer and the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Bondholder upon prior written request and satisfactory proof of holding.

For so long as any of the Bonds are represented by the Global Certificate and the Global Certificate is held by CDP, each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Bond (in which regard any certificate or other document issued by the CDP as to the principal amount of such Bond standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the absolute holder of such principal amount of Bonds other than with respect to the payment of principal, interest and any other amounts in respect of the Bonds, for which purpose the registered holder of the Global Certificate shall be treated by the Issuer, the Trustee and the Agents as the holder of such Bonds in accordance with and subject to the terms of the Global Certificate.

3. NEGATIVE PLEDGE

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer shall not, and will ensure that none of the Principal Subsidiaries (as defined in Condition 22 (*Definitions*)) of First REIT will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest (other than any security created in respect of bonds issued by a specified purposes company (*tokutei mokuteki kaisha*) incorporated under the Asset Liquidation Law (*shisan no ryudouka ni kansuru houritsu*) of Japan), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

4. PROVISION OF FINANCIAL STATEMENTS AND REPORTS

So long as any of the Bonds remain outstanding, the Issuer shall:

(a) provide to the Trustee a Compliance Certificate (on which the Trustee may rely as to such compliance) within thirty (30) days of a written request by the Trustee and at the time of provision of the financial statements under Condition 4(b) below;

(b) provide to the Trustee in the English language as soon as they are available, but in any event within one-hundred and eighty (180) calendar days after the end of each financial year of First REIT, copies of the audited financial statements (on a consolidated basis) in respect of such financial year (including a statement of comprehensive income, statement of financial position and cash flow statement); and

(c) promptly upon becoming aware of the occurrence thereof, provide to the Trustee written notice of the occurrence of any Event of Default (as defined below) or Default (as defined below) and a Compliance Certificate of the Issuer setting forth the details thereof and the action the Issuer is taking or proposes to take with respect thereto.

5. INTEREST

(a) *Accrual of interest*: The Bonds bear interest on their outstanding principal amount from time to time (as determined in accordance with Condition 6 (*Redemption and Repurchase*)) from (and including) [●] 2022 (the "**Issue Date**") at the rate of [●] per cent. per annum (the "**Rate of Interest**"), payable semi-annually in arrears on [●] and [●], in each year, commencing on [●] (each, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Redemption and Repurchase*). Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called, an "**Interest Period**".

(b) *Default interest*: Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused or unless default is otherwise make in respect of payment, in which case it will continue to bear interest at such rate aforesaid per annum (both before and after an arbitral decision, judgment or other order of a court of competent jurisdiction) until whichever is the earlier of (i) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (ii) the day which is seven (7) days after the Paying Agent or the Trustee (as the case may be) has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh (7th) day (except to the extent that there is any subsequent default in payment).

(c) *Calculation of Interest*: The amount of interest payable in respect of each Bond for any Interest Period shall be calculated by applying the Rate of Interest to the then outstanding principal amount of such Bond (as determined in accordance with Condition 6 (*Redemption and Repurchase*)) and the actual number of days elapsed in such Interest Period and then dividing the product thereof by 365 and rounding the resulting figure to the nearest cent. If interest is required to be calculated for any period other than an Interest Period, it shall be calculated on the basis of a 365-day year and the actual number of days elapsed.

6. REDEMPTION AND PURCHASE

(a) *Final redemption*: Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Bonds at their principal amount on the Maturity Date.

(b) *Redemption for tax reasons*: The Bonds may be redeemed at the option of the Issuer in whole, but not in part only, at any time, on giving not less than thirty (30) nor more than sixty (60) days' notice to the Bondholders, the Guarantor, the Trustee and the Paying Agent in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) at their principal amount, together with interest accrued but unpaid to the date fixed for redemption, if:

(i) immediately before giving such notice, the Issuer notifies the Trustee that:

(A) the Issuer has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 (*Taxation*), or increase the payment of such Additional Amounts, as a result of any change in, or amendment to, the laws, regulations, rulings or other administrative pronouncement promulgated thereunder of the Relevant Taxing Jurisdiction or any change in the application or official interpretation of such laws, regulations, rulings or administrative pronouncement (including but not limited to a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after [*signing date*] and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(B) the Guarantor has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 (*Taxation*), or increase the payment of such Additional Amounts, or the CGIF Guarantee, as the case may be, as a result of any change in, or amendment to, the laws, regulations, rulings or other administrative pronouncement promulgated thereunder of the Republic of the Philippines (the "**Philippines**") or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or administrative pronouncement (including but not limited to a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after [*signing date*] and such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, **however**, **that** in any event, no such notice of redemption shall be given earlier than one hundred and eighty (180) days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such Additional Amounts if a payment in respect of the Bonds were then due;

(ii) prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver or procure that there is delivered to the Trustee:

(A) an Officer's Certificate of the Issuer stating that the circumstances referred to in paragraphs (b)(i)(A) above prevail and setting out the details of such circumstances or (as the case may be) a certificate signed by an authorised officer of the Guarantor stating that the circumstances referred to in paragraphs (b)(i)(B) above prevail and setting out details of such circumstances; and

(B) an opinion from independent legal or tax advisers of recognised standing to the effect that the Issuer or the Guarantor has or is likely to become obliged to pay such Additional Amounts as a result of such change or amendment.

The Trustee shall be entitled to accept and rely upon (without further enquiry) any such Officer's Certificate and/or opinion as sufficient evidence of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the Bondholders, and the Trustee shall be protected and shall have no liability to any Bondholder or any person for so accepting and relying on such certificate or opinion; and

(iii) not less than one (1) Business Day prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall irrevocably transfer to a Singapore dollar account of the Paying Agent an amount in Singapore dollars in immediately available cleared funds sufficient to redeem the Bonds at their principal amount together with any interest accrued but unpaid to the relevant date fixed for redemption.

If the Issuer fails to comply with any of the requirements of the foregoing provisions of this Condition 6(b) any notice of redemption purported to be delivered pursuant to this Condition 6(b) shall be void and of no effect, but this shall not affect, release or otherwise discharge any of the Issuer's or the Guarantor's other obligations under these Conditions, the Trust Deed or the CGIF Guarantee.

Upon the expiry of any such notice as is referred to in this Condition 6(b) and satisfaction of the other requirements specified in this Condition 6(b), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6(b) and the Paying Agent shall apply all monies delivered to it pursuant to Condition 6(b)(iii) above in redemption of the Bonds in accordance with these Conditions, the Agency Agreement and the Trust Deed.

(c) *Redemption in the event of a CGIF Acceleration Event*:

(i) At any time following the occurrence of a CGIF Acceleration Event, the Guarantor may at its discretion, on giving not less than seven (7) nor more than fifteen (15) days' notice to the Issuer, the Trustee and the Paying Agent, require the Issuer to redeem the Bonds in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption following which the Issuer shall immediately, or if the Issuer fails to do so the Guarantor may, give notice to the Bondholders, the Trustee and the Paying Agent in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable).

(ii) For the purposes of this Condition 6(c), a "**CGIF Acceleration Event**" occurs if:

(A) an Issuer Event of Default occurs; or

(B) a Missed Payment Event has occurred and is continuing and irrespective of whether or not the Guarantor has already paid any Guaranteed Amounts in respect of such Missed Payment Event; or

(C) any term or provision of the Conditions, the Trust Deed or the Agency Agreement has been amended, modified, varied, novated, supplemented, superseded, waived or terminated without the prior written consent of the Guarantor as required pursuant to the terms of the CGIF Guarantee, Trust Deed or the Agency Agreement, as the case may be,

and the Guarantor has delivered a CGIF Acceleration Notice to the Trustee in accordance with the Trust Deed.

(iii) In this Condition 6(c), a "**CGIF Acceleration Notice**" shall mean a written notice delivered by the Guarantor to the Trustee pursuant to, and substantially in the form set out in, the Trust Deed.

(iv) The Trustee shall be entitled to accept and rely upon (without further enquiry) a CGIF Acceleration Notice as sufficient evidence of the Guarantor's agreement to pay all outstanding Guaranteed Amounts, and such CGIF Acceleration Notice shall be conclusive and binding on the Bondholders.

(v) Upon the relevant date fixed for redemption specified in any CGIF Acceleration Notice and notified to the Bondholders, the Trustee and the Paying Agent in accordance with Condition 15 (*Notice*s), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 6(c) and the Guarantor shall be bound to pay all Guaranteed Amounts outstanding as set out in the CGIF Acceleration Notice.

(d) *Purchase*: The Issuer or any of the related corporations of First REIT may at any time purchase Bonds in the open market or otherwise and at any price.

(e) *Cancellation*: All Bonds so redeemed or purchased by the Issuer or any of the related corporations of First REIT may be surrendered by the purchaser for cancellation or may at the option of the Issuer or such related corporation be held or resold.

(f) *No other redemption*: The Issuer and the Guarantor shall not be entitled to redeem the Bonds otherwise than as provided in paragraphs (a) to (c) above.

(g) *Calculations*. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto and shall not be liable to the Bondholders or any other person for not doing so.

7. PAYMENTS

(a) *Principal*: Payments of principal shall be made by transfer to a Singapore dollar account maintained by the payee with, a bank and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of the Paying Agent.

(b) *Interest*: Payments of interest shall be made by transfer to a Singapore dollar account maintained by the payee with, a bank and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of the Paying Agent.

(c) *Payments subject to fiscal laws*: Without prejudice to the provisions of Condition 8 (*Taxation*), payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (iii) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments made pursuant to this Condition 7(c).

(d) *Payments on business days*: Payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment **provided that** if such date falls on a day which is not a business day it shall be postponed to the next day which is a business day. A Bondholder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this Condition 7(d), "**business day**" means any day (other than a Sunday or a Saturday or a gazetted public holiday) on which commercial banks are open for general business (including dealings in foreign currencies) in Singapore and Manila and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bond, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(f) *Record date*: Each payment in respect of a Bond will be made to the person shown as the Bondholder in the Register at the close of business in the place of the Registrar's Specified Office on the fifteenth (15th) day before the due date for such payment.

So long as the Global Certificate is held on behalf of CDP, the record date for purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Bond shall, unless otherwise specified by the Issuer, be the date falling five business days prior to the relevant payment date (or such other date as may be prescribed by CDP).

8. TAXATION

All payments of principal and interest in respect of the Bonds by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Singapore (in the case of the Issuer), the Philippines (in the case of the Guarantor) or any tax authority or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In the event that any such withholding or deduction is so required by law, the Issuer or (in the case of a withholding or deduction required to be made by the Guarantor) the Guarantor shall pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Bond:

(a) held by a Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or, as the case may be, payments made by the Guarantor by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

(b) where (in the case of a payment of principal or interest on redemption) the relevant Certificate is surrendered for payment more than thirty (30) days after the Relevant Date except to the extent that the relevant Bondholder would have been entitled to such Additional Amounts if it had surrendered the relevant Certificate on the last day of such period of thirty (30) days; or

(c) by, or on behalf of, a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 8 (*Taxation*) pursuant to the Trust Deed.

If the Issuer or the Guarantor, as the case may be, becomes subject at any time to any taxing jurisdiction other than Singapore (in the case of the Issuer) or the Philippines (in the case of the Guarantor), references in these Conditions to Singapore or the Philippines shall be construed as references to Singapore or the Philippines (as the case may be) and/or such other jurisdiction.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Guarantor, the Bondholders or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction.

9. EVENTS OF DEFAULT

(a) If any of the following events occurs and is continuing (each, an "**Event of Default**"), then the Trustee shall comply with the limitations on acceleration as set out in Conditions 9(b) to (d) below to the extent applicable:

(i) *Non-payment*: the Issuer or the Guarantor fails to pay any amount of principal in respect of the Bonds or fails to pay any amount of interest in respect of the Bonds, in each case within thirty (30) calendar days after the due date for payment thereof;

(ii) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or the Trust Deed and such default (A) is incapable of remedy or (B) being a default which is capable of remedy remains unremedied for thirty (30) calendar days after the Trustee has given written notice thereof to the Issuer;

(iii) *Cross-default*:

(A) any present or future indebtedness of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT in respect of borrowed moneys is not paid when due or (as the case may be) within any originally applicable grace period; or

(B) any such indebtedness becomes due and payable prior to its stated maturity as a result of an event of default, howsoever described; or

(C) the Issuer, First REIT or any of the Principal Subsidiaries of First REIT fails to pay when due any amount payable by it under any Guarantee of any indebtedness;

provided that the amount of indebtedness referred to in sub-paragraph (A) and/or sub-paragraph (B) above and/or the amount payable under any Guarantee referred to in sub-paragraph (C) above, individually or in the aggregate, exceeds S$15,000,000 (or its equivalent in any other currency or currencies); or

(iv) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of an individual amount in excess of S$15,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, First REIT or any of the Principal Subsidiaries of First REIT, is not subject to any further ability to object or appeal and continue(s) unsatisfied and unstayed for a period of sixty (60) calendar days after the date(s) thereof or, if later, the date therein specified for payment;

(v) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or substantially all of the undertaking, assets and revenues of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT;

(vi) *Insolvency, etc.*: (A) the Issuer, First REIT or any of the Principal Subsidiaries of First REIT become insolvent or is unable to pay all or substantially all of its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts (as and when such debts fall due); (B) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT for the whole or substantially all of the undertaking, assets and revenues of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT; (C) the Issuer, First REIT or any of the Principal Subsidiaries of First REIT take any proceeding under any law for a readjustment or deferment of all or substantially all of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or substantially all of its indebtedness or any Guarantee of any such indebtedness given by it; or (D) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT which has not been discharged or stayed within sixty (60) calendar days or the Issuer ceases to carry on all or substantially all of its business;

(vii) *Enforcement proceedings*: a distress, attachment, execution or legal process is levied, enforced or sued out on or against all or any material part of the assets of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT and is not removed, dismissed or discharged within 60 days;

(viii) *Analogous event*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (iv) (*Unsatisfied judgment*) to (vii) (*Enforcement proceedings*) above;

(ix) *Nationalisation:* an order of a competent authority is made with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT, except where any of the aforesaid events will not have a material adverse effect on the ability of the Issuer to fulfil its obligations under the Bonds;

(x) *Authorisation, consents, failure to take action, etc.:* any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (A) to enable the Issuer to lawfully enter into, exercise its rights and perform and comply with its obligations under and in respect of the Bonds, the Trust Deed and the Agency Agreement, (B) to ensure that those obligations are legal, valid, binding and enforceable and (C) to make the Bonds, the Trust Deed and the Agency Agreement admissible in evidence in the courts of Singapore is not taken, fulfilled or done;

(xi) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its payment or other material obligations under or in respect of the Bonds or the Trust Deed;

(xii) *Guarantee not in force*: the CGIF Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;

(xiii) *Non-replacement of First REIT Trustee*: if (A) (1) the First REIT Trustee resigns or is removed; (2) an order is made for the winding-up of the First REIT Trustee or a receiver, judicial manager, administrator, agent or similar officer of the First REIT Trustee is appointed; and/or (3) there is a declaration, imposition or promulgation in Singapore or in any relevant jurisdiction of a moratorium, any form of exchange control or any law, directive or regulation of any agency or the amalgamation, reconstruction or reorganisation of the First REIT Trustee which prevents or restricts the ability of the First REIT Trustee to perform its obligations under the Trust Deed or the Bonds, and (B) a replacement or substitute trustee of First REIT is not appointed in accordance with the terms of the First REIT Trust Deed;

(xiv) *Non-replacement of First REIT Manager*: the First REIT Manager is removed pursuant to the terms of the First REIT Trust Deed, and the replacement or substitute manager is not appointed in accordance with the terms of the First REIT Trust Deed;

(xv) *Declared company*: the Issuer or any of the Principal Subsidiaries of First REIT is declared by the Minister of Finance to be a declared company under the provisions of Part 9 of the Companies Act 1967; or

(xvi) *Right of indemnity*: the Issuer loses its right to be indemnified out of the assets of First REIT in respect of all liabilities, claims, demands and actions under or in connection with the Trust Deed or the Bonds.

(b) Subject to Clause 2.1 (*Guarantee*) of the CGIF Guarantee and Clause 3.2 (*Missed Payment Event*) and Clause 3.3 (*Acceleration*) of the Trust Deed, if a Missed Payment Event has occurred and is continuing, the Guarantor shall pay the Guaranteed Amount relating to the Missed Payment Event to the Guaranteed Party within thirty (30) calendar days of such Missed Payment Event.

(c) The Trustee shall not take an Acceleration Step unless the Guarantor has failed to make payment of a Guaranteed Amount such that a Non-Payment Event has occurred and is continuing (a "**Guaranteed Party Acceleration**"). Pursuant to the Trust Deed, neither the Trustee nor any Bondholder shall be entitled to take an Acceleration Step against the Issuer or the Guarantor unless a Guaranteed Party Acceleration has occurred or with the prior written consent of the Guarantor and, in the event that an Acceleration Step is taken in contravention of such provision, the Guarantor shall not be required to pay any amounts in respect of such Acceleration Step.

(d) Upon the occurrence of a Guaranteed Party Acceleration and if the Guaranteed Amounts are not paid by the Issuer in accordance with these Conditions and the Trust Deed following such Guaranteed Party Acceleration, the Trustee may at its sole discretion and, if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the outstanding Bonds, or if so directed to do so by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction in all cases) deliver in accordance with the Trust Deed a Guaranteed Party Acceleration Notice in respect of the aggregate of the unpaid Guaranteed Amounts and the Guarantor Default Interest Amount (if any) to be paid by CGIF in accordance with the CGIF Guarantee.

(e) The Trustee and the Agents shall not be obliged to take any steps to ascertain whether a Default or an Event of Default has occurred or to monitor the occurrence of any Default or Event of Default, and shall not be liable to the Bondholders or any other person for not doing so.

10. PRESCRIPTION

Claims for principal and interest on redemption shall become void unless the relevant Certificates are surrendered for payment within a period of five years after the appropriate Relevant Date.

11. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer or the Registrar may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. TRUSTEE AND AGENTS

Pursuant to the Trust Deed, the Trustee is entitled to be indemnified and/or provided with security and/or pre-funded to its satisfaction and relieved from responsibility in certain circumstances and to be paid its fees, costs, expenses and indemnity payments in priority to the claims of the Bondholders. In addition, the Trustee, the Agents and their respective directors and officers are entitled to enter into business transactions with the Issuer, First REIT, the Guarantor and any entity relating to the Issuer, First REIT or the Guarantor without accounting for any profit.

In the exercise of its functions, rights, powers and discretions under these Conditions, the Trust Deed and the CGIF Guarantee, the Trustee will have regard to the interests of the Bondholders as a class and will not be responsible for any consequence for individual Bondholders as a result of any circumstances particular to individual holders of Bonds, including but not limited to such Bondholders being connected in any way with a particular territory or taxing jurisdiction.

The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of these Conditions, the Trust Deed or any other document relating thereto, any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these Conditions or the Trust Deed or any other document relating thereto. In addition, the Trustee shall not be responsible for the effect of the exercise of any of its powers, duties and discretions hereunder.

In acting under the Agency Agreement and in connection with the Bonds, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Bondholders.

The Issuer and the Guarantor reserve the right (with the prior written approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or paying agent and additional or successor paying agents and transfer agents; **provided**, **however**, **that** the Issuer shall at all times maintain (a) a registrar; and (b) a Paying Agent having a specified office in Singapore; and (c) such other agents as may be required by any stock exchange on which the Bonds may be listed.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Bondholders in accordance with Condition 15 (*Notices*) by the Issuer.

13. MEETINGS OF BONDHOLDERS; MODIFICATION AND WAIVER

(a) *Meetings of Bondholders*: The Trust Deed contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions or the Trust Deed or the Agency Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer, the Guarantor or by the Trustee and shall be convened by the Trustee upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds subject to the Trustee being indemnified and/or provided with security and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Bonds or, at any adjourned meeting, one or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; **provided**, **however**, **that** certain proposals (including any proposal (i) to change any date fixed for payment of principal or interest in respect of the Bonds, (ii) to reduce the amount of principal or interest payable on any date in respect of the Bonds, (iii) to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, (iv) to change the currency of payments under the Bonds, (v) sanctioning, or directing the Trustee to concur in, the amendment of the terms of the CGIF Guarantee, (vi) to change the quorum requirements relating to meetings or (vii) to change the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders at which one or more persons holding or representing not less than two-thirds or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders under the Trust Deed and who hold not less than 90 per cent. of the aggregate principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(b) *Modification and waiver*: The Trustee may, with the consent of the Guarantor but without the consent of the Bondholders, agree (but shall not be obliged to agree) (i) to any modification of these Conditions, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter) if such modification will not be materially prejudicial to the interests of Bondholders and (ii) to any modification of the Bonds, these Conditions, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error or which is necessary to comply with mandatory provisions of law. In addition, the Trustee may with the consent of the Guarantor but without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds, these Conditions, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if the interests of the Bondholders will not be materially prejudiced thereby, **provided that** the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 9 (*Events of Default*).

Any such authorisation, waiver or modification shall be binding on the Bondholders and unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Bondholders in accordance with Condition 15 (*Notices*) by the Issuer as soon as reasonably practicable thereafter.

(c) *Directions from Bondholders*: Notwithstanding anything to the contrary in the Bonds, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms in the Bonds, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution and seek clarification of any such directions and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarifications, or in the event the instructions sought are not provided by Bondholders.

(d) *Certificates and Reports*: The Trustee may accept and shall be entitled to rely without further investigation or enquiry and without liability to Bondholders on a report, advice, opinion, confirmation or certificate from any lawyers, valuers, accountants (including auditors and surveyors), financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall not be responsible or liable to the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, confirmation, opinion or certificate or advice.

14. ENFORCEMENT

Subject to the terms of the Trust Deed and Condition 9(c), the Trustee may at any time after an Event of Default has occurred and is continuing or after the Bonds have become due and payable, at its discretion and without notice, institute such actions, steps and proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Bonds, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the Bondholders of at least one quarter of the aggregate principal amount of the outstanding Bonds or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

15. NOTICES

Notices to Bondholders will be valid if published in the English language or a certified translation into the English language and (i) published in a daily newspaper of general circulation in Singapore (which is expected, but is not required, to be the *Business Times*) or for so long as the units in First REIT or the Bonds are listed on the SGX-ST, published on the website of the SGX-ST at http://www.sgx.com or (ii) despatched by prepaid ordinary post to Bondholders at their addresses appearing in the Register (in the case of joint holders to the address of the holder whose name stands first in the Register). Any such notice shall be deemed to have been given on the date of publication or despatch to the Bondholders, as the case may be.

Until such time as any definitive Certificates are issued, so long as the Global Certificate is issued in the name of CDP, notices to Bondholders will only be valid if despatched by ordinary post (by airmail if to another country) to persons who are for the time being shown in the records of CDP as the holders of the Bonds or if the rules of CDP so permit, delivered to CDP for communication by it to the Bondholders, except that if the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, notice will in any event be published in accordance with the preceding paragraph. Any such notice shall be deemed to have been given to the Bondholders on the date of despatch to the holders of Bonds or, as the case may be, on the date of delivery of the notice to CDP.

16. GOVERNING LAW, ARBITRATION AND JURISDICTION

(a) **Governing law**

(i) The Bonds (including these Conditions), the Trust Deed and the Agency Agreement are governed by, and shall be construed in accordance with, Singapore law.

(ii) The CGIF Guarantee and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

(b) **Arbitration**

(i) Any dispute, claim, difference or controversy arising out of, relating to, or having any connection with these Conditions (which includes this Condition 16(b)), the Bonds, the Trust Deed, the Agency Agreement, the CGIF Guarantee including any dispute as to its existence, validity, interpretation, performance, breach or termination, or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (for the purpose of this Condition 16(b), a "**Dispute**"), shall be referred to and be finally resolved by arbitration under the Arbitration Rules of the Singapore International Arbitration Centre ("**SIAC**") in force when the notice of arbitration is received by SIAC (other than as amended by this Condition 16(b)) (for the purpose of this Condition 16(b), the "**Rules**"), except as they are modified by this provision of these Conditions.

(ii) Following the commencement of arbitration, and following the exchange of the Notice of Arbitration and Response to the Notice of Arbitration, they will initially attempt in good faith to resolve the Dispute through mediation at the Singapore International Mediation Centre ("**SIMC**"), in accordance with the SIAC-SIMC Arb-Med-Arb Protocol (the "**Protocol**") for the time being in force which shall last for a period not exceeding eight (8) weeks (or in the case of the CGIF Guarantee, sixty-five (65) business days) from the commencement of the mediation proceedings (the "**Mediation Period**"). Where a settlement has been reached between the parties within the Mediation Period, such terms of settlement shall be referred to the arbitral tribunal and the arbitral tribunal may make a consent award on such agreed terms. In the absence of a settlement by the parties within the Mediation Period, the Dispute shall revert back to arbitration pursuant to the Protocol. Unless otherwise agreed by the parties, the arbitration shall resume by arbitrators who were not involved in the mediation process above.

(iii) The Rules and the Protocol are incorporated by reference into this Condition 16(b) and capitalised terms used in this Condition 16(b) (which are not otherwise defined in these Conditions) shall have the meaning given to them in the Rules and the Protocol.

(iv) The number of arbitrators shall be three. All arbitrators shall be fluent in English. The claimant(s) shall nominate one arbitrator. The respondent(s) shall nominate one arbitrator. The arbitrators nominated by the parties in accordance with the Rules shall jointly nominate the third arbitrator who, subject to confirmation by the President of the Court of Arbitration of SIAC (the "**President**"), will act as presiding arbitrator of the arbitral tribunal. If the third arbitrator is not chosen by the two arbitrators nominated by the parties within 30 days of the date of appointment of the later of the two party-appointed arbitrators to be appointed, the third arbitrator shall be appointed by the President.

(v) The seat of arbitration shall be Singapore and all hearings shall take place in Singapore unless the arbitral tribunal in its absolute discretion decides that a different location will be more appropriate.

(vi) Except as modified by the provisions of this Condition 16(b), the Rules and the Protocol, Part II of the International Arbitration Act 1994 shall apply to any arbitration proceedings commenced under this Condition 16(b). Neither Party shall be required to give general discovery of documents, but may be required only to produce specific, identified documents which are relevant to the Dispute.

(vii) The language used in the arbitral proceedings shall be English. All documents submitted in connection with the proceedings shall be in the English language, or, if in another language, accompanied by an English translation and in which case, the English translation shall prevail.

(viii) Service of any Notice of Arbitration made pursuant to this Condition 16(b) shall be made in accordance with the Rules and at the addresses given for the sending of notices under these Conditions at Condition 15 (*Notices*).

(ix) The arbitration award(s) rendered by the arbitral tribunal shall be final and binding on the parties. The parties undertake to reasonably carry out the award(s) without delay. To the fullest extent permitted under any applicable law, the parties irrevocably exclude and agree not to exercise any right to refer points of law or to appeal to any court or other judicial authority.

(x) The arbitral tribunal and/or any emergency arbitrator appointed in accordance with the Rules shall not be authorised to order, and each of the Issuer, the Bondholders, the Trustee and each of the Agents agrees for itself and on behalf of each Bondholder that it shall not seek from any arbitral tribunal or judicial authority:

(A) any order of whatsoever nature against the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents; or

(B) any interim order to sell, attach, freeze or otherwise enforce against CGIF Assets.

(xi) The Rules shall not prohibit CGIF from disclosing any information relating to any arbitral proceedings and/or arbitral award arising out of this Condition 16 to the Board of Directors of CGIF (the "**CGIF Board**") as part of its approval process and portfolio administration, or to the Asian Development Bank or any other contributors to the Guarantor or any of their respective officers, employees, advisers, agents or representatives, provided that all such information and documents insofar as such disclosure relates to any arbitral proceedings and/or arbitral award shall be clearly marked "CONFIDENTIAL". The members of CGIF Board may seek instructions from their constituents for the purpose of CGIF Board approval and portfolio administration and the CGIF Board documents and other relevant information may be distributed to any representatives of the relevant member countries of the Guarantor for the said purpose only, provided that all such information and documents insofar as such disclosure relates to any arbitral proceedings and/or arbitral award shall be clearly marked "CONFIDENTIAL".

(xii) Nothing in these Conditions, or any agreement, understanding or communication relating to these Conditions (whether before or after the date of these Conditions), shall constitute or be construed as an express or implied waiver, renunciation, exclusion or limitation of any of the immunities, privileges or exemptions accorded to Asian Development Bank under the Agreement Establishing the Asian Development Bank, any other international convention or any applicable law, or accorded to CGIF under the Articles of Agreement of the Guarantor.

17. LIMITED RECOURSE

Notwithstanding any other provisions of these Conditions, the recourse of the Bondholders against CGIF under these Conditions is limited solely to the CGIF Assets. The Bondholders acknowledge and accept that they only have recourse to the CGIF Assets and they have no recourse to any assets of Asian Development Bank or any other contributors to CGIF. Any obligation under these Conditions of CGIF shall not constitute an obligation of Asian Development Bank or any other contributors to CGIF.

18. NO PERSONAL LIABILITY

Notwithstanding any other provisions of these Conditions, neither Asian Development Bank nor any other contributors to CGIF or the officers, employees or agents of the Asian Development Bank or any contributor to CGIF shall be subject to any personal liability whatsoever to any third party including the Bondholders and the Trustee in connection with the operation of CGIF or under these Conditions. No action may be brought against Asian Development Bank as the trustee of CGIF or as contributor to CGIF or against any other contributors to CGIF or any of their respective officers, employees or agents by any third party including the Bondholders and the Trustee in connection with these Conditions.

19. ACKNOWLEDGEMENT BY PARTIES

(a) Notwithstanding any provision to the contrary in these Conditions, the Bondholders and parties to the Trust Deed, the Agency Agreement and the CGIF Guarantee agree and acknowledge that Perpetual (Asia) Limited ("**PAL**") has entered into these Conditions solely in its capacity as trustee of First REIT and not in its personal capacity and all references to the Issuer or the First REIT Trustee in these Conditions shall be construed accordingly. As such, notwithstanding any provision to the contrary in these Conditions, PAL has assumed all obligations under these Conditions solely in its capacity as trustee of First REIT and not in its personal capacity and any liability of or indemnity, covenant, undertaking, representation and/or warranty given or to be given by the Issuer under these Conditions is given by PAL in its capacity as trustee of First REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate is limited to the assets of First REIT over which PAL in its capacity as trustee of First REIT has recourse and shall not extend to any personal assets of PAL or any assets held by PAL in its capacity as trustee of any other trust. Any obligation, matter, act, action or thing required to be done, performed, or undertaken by the Issuer under these Conditions shall only be in connection with the matters relating to First REIT and shall not extend to the obligations of PAL in respect of any other trust or real estate investment trust of which it is a trustee.

(b) Notwithstanding any provision to the contrary in these Conditions, the Bondholders and parties to the Trust Deed, the Agency Agreement and the CGIF Guarantee hereby acknowledge and agree that the obligations of the Issuer under these Conditions will be solely the corporate obligations of the Issuer and that the Bondholders and parties to the Trust Deed, the Agency Agreement and the CGIF Guarantee shall not have any recourse against the shareholders, directors, officers or employees of PAL for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of these Conditions.

(c) For the avoidance of doubt, any legal action or proceedings commenced against the Issuer whether in Singapore or elsewhere pursuant to these Conditions shall be brought against PAL in its capacity as trustee of First REIT and not in its personal capacity.

(d) The provisions of this Condition 19 shall survive the termination or rescission of these Conditions and shall apply, mutatis mutandis, to any notice, certificate or other document which the Issuer issues under or pursuant to these Conditions as if expressly set out therein.

20. NO WAIVER

Nothing in these Conditions, or any agreement, understanding or communication relating to these Conditions, shall constitute or be construed as an express or implied waiver, renunciation, exclusion or limitation of any of the immunities, privileges, or exemptions accorded to the Asian Development Bank under the Agreement Establishing the Asian Development Bank, any other international convention or any applicable law, or accorded to CGIF under the Articles of Agreement of CGIF.

21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 2001

Unless expressly provided to the contrary in the Bonds, the Trust Deed, the Agency Agreement, and the CGIF Guarantee, no person may enforce any term of the Bonds under the Contracts (Rights of Third Parties) Act 2001 and, notwithstanding any term of any of the Bonds, the Trust Deed, the Agency Agreement, and the CGIF Guarantee, no consent of any third party is required for any amendment (including any release or compromise of any liability) or termination of these Conditions. Notwithstanding the foregoing, the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents, may enforce Conditions 16(b) (*Arbitration*), 17 (*Limited Recourse*), 18 (*No Personal Liability*), and 20 (*No Waiver*) of these Conditions.

22. DEFINITIONS

In these Conditions:

"**Acceleration Step**" has the meaning given to it in the Trust Deed;

"**Articles of Agreement of CGIF**" means the articles of agreement of CGIF originally dated 11 May 2010, as amended on 27 November 2013, 31 May 2016, 23 May 2017, 31 May 2018 and 16 May 2019 (as may be further amended or supplemented from time to time);

"**Authorised Signatory**" means any person who has been duly authorised to sign documents and to do other acts and things on behalf of the Issuer for the purposes of the Bonds, the Conditions, the Agency Agreement, the CGIF Guarantee and the Trust Deed;

"**Bondholder**" means the person in whose name such Bond is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof);

"**Business Day**" means any day (other than a Sunday or a Saturday) on which commercial banks are open for general business (including dealings in foreign currencies) in Singapore and Manila;

"**CGIF Assets**" means all property and assets of CGIF held in trust in accordance with the Articles of Agreement of CGIF and available from time to time to meet the liabilities of CGIF. For the avoidance of doubt, a CGIF Asset does not include any assets of the Asian Development Bank or any other contributors to CGIF;

"**Compliance Certificate**" means a certificate of the Issuer signed by an Authorised Signatory certifying that, to the best of the knowledge, information and belief of the Issuer as at a date (the "**Certification Date**") not more than seven days before the date of the certificate:

(a) no Event of Default or Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, specifying the same; and

(b) the Issuer has complied with all its obligations under the Bonds and the Trust Deed or, if there has been any non-compliance, specifying the same;

"**Default**" means an event or circumstance which would, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 (*Events of Default*) become an Event of Default;

"**Extraordinary Resolution**" has the meaning given to it in Schedule 3 of the Trust Deed;

"**First REIT Trustee**" means Perpetual (Asia) Limited or such other trustee of First REIT as may be appointed in accordance with the provisions of the First REIT Trust Deed;

"**First REIT Trust Deed**" means the trust deed dated 19 October 2006 made between (1) the First REIT Manager, as manager, and (2) HSBCIT, as trustee, as amended, modified or supplemented by a first supplemental deed dated 6 September 2007, a second supplemental deed dated 19 April 2010, a third supplemental deed dated 26 April 2011 and a fourth supplemental deed dated 1 April 2013, as amended and restated by a first amending and restating deed dated 23 March 2016, in each case, made between the same parties, a supplemental deed of retirement and appointment of trustee dated 1 November 2017 made between (1) the First REIT Manager, as manager, (2) HSBCIT, as retiring trustee of First REIT, and (3) the Issuer, as new trustee of First REIT and a fifth supplemental deed dated 22 May 2018, a sixth supplemental deed dated 30 April 2019, a seventh supplemental deed dated 7 April 2020 and an eighth supplemental deed dated 25 February 2022, in each case made between (1) the First REIT Manager, as manager, and (2) the Issuer, as trustee and as further amended, modified or supplemented from time to time;

"**First REIT Manager**" means First REIT Management Limited or such other manager of First REIT as may be appointed in accordance with the provisions of the First REIT Trust Deed;

"**Group**" means First REIT and its subsidiaries;

"**Guarantee**" means, in relation to any indebtedness of the Issuer, any obligation of another Person (other than CGIF) to pay such indebtedness including (without limitation):

(a) any obligation to purchase such indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness;

(c) any indemnity against the consequences of a default in the payment of such indebtedness; and

(d) any other agreement to be responsible for such indebtedness;

"**Guaranteed Amount**" has the meaning given to such term in Clause 2.1 of the CGIF Guarantee;

"**Guaranteed Party**" has the meaning given to such term in the CGIF Guarantee;

"**Guaranteed Party Acceleration Notice**" means a written notice delivered by the Trustee to CGIF pursuant to, and substantially in the form set out in the Trust Deed;

"**Guarantor Default Interest Amount**" means certain default interest payable by the Guarantor in the amount and at the rate as calculated in accordance with the CGIF Guarantee;

"**Interest Period**" has the meaning given in Condition 5(a) (*Accrual of Interest*);

"**Issuer Event of Default**" means the occurrence of any of the events described in Condition 9(a)(i) to 9(a)(xvi) of these Conditions;

"**Maturity Date**" means [●];

"**Missed Payment Event**" means the non-payment (not taking into account any grace period) of any Guaranteed Amount by the Issuer in accordance with these Conditions and the Trust Deed;

"**Non-Payment Event**" means the occurrence of an Event of Default thirty (30) calendar days after the occurrence of a Missed Payment Event in accordance with Condition 9(a)(i) (*Non-payment*) of these Conditions;

"**Officer's Certificate**" means a certificate signed by an Authorised Signatory;

"**Paying Agent(s)**" means the Paying Agent and any other paying agent appointed pursuant to the Agency Agreement;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Principal Subsidiaries**" means any subsidiary of First REIT:

(a) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a corporation which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or

(b) whose gross revenue, as shown by the accounts of such subsidiary (consolidated in the case of a corporation which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 10 per cent. of the consolidated gross revenue of the Group as shown by such audited consolidated accounts,

provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

(i) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to become a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and

(ii) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary;

"**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock, certificate or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

"**Relevant Taxing Jurisdiction**" means the Republic of Singapore or any political subdivision or any authority thereof or therein having power to tax;

"**Specified Office**" means One Temasek Avenue, #02-01 Millenia Tower, Singapore 039192; and

"**subsidiary**" has the meaning ascribed to it in the Trust Deed.

CLEARING AND SETTLEMENT

Clearing and Settlement under the Depository System

Clearance of the Bonds will be effected through the Depository System maintained by CDP. Bonds that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

The Bonds will be held by CDP in the form of the Global Certificate for persons holding the Bonds in securities accounts with CDP (the "**Depositors**"). Delivery and transfer of Bonds between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of the Depositors.

Settlement of over-the-counter trades in the Bonds through the Depository System may be effected through securities sub-accounts held with corporate depositors (the "**Depository Agents**"). Accordingly, Bonds for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Bonds in direct securities accounts with CDP, and who wish to trade Bonds through the Depository System, must transfer the Bonds from such direct securities account to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Bonds in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Trustee, the Paying Agent, the Registrar or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

USE OF PROCEEDS

The Issuer will apply the net proceeds of the offering and issuance of the Bonds as follows: (i) refinancing the existing term loan of First REIT due in May 2022, which falls within the Eligible Project Categories under First REIT's Social Finance Framework, and (ii) applying any excess amount in the manner agreed with the Guarantor.

SOCIAL FINANCE FRAMEWORK

1. INTRODUCTION TO FIRST REIT

First REIT is Singapore's first healthcare real estate investment trust, focused on investing in diverse healthcare and healthcare-related real estate assets within and outside of Asia.

Managed by First REIT Management Limited (i.e. the First REIT Manager), First REIT has a portfolio of 31 properties across Asia as at the Latest Practicable Date. These include 16 properties in Indonesia comprising 12 hospitals, two integrated hospitals & malls, an integrated hospital & hotel and a hotel & country club, as well as three nursing homes in Singapore and 12 nursing homes in Japan.

In Indonesia, the healthcare properties are operated by Siloam, Indonesia's most progressive and innovative healthcare provider. Siloam is a subsidiary of LPKR, which has a pipeline of hospitals to which First REIT has the right of first refusal ("**ROFR**") to (i.e. the LPKR ROFR). First REIT has another ROFR from OUELH (i.e. the OUELH ROFR) with opportunities to tap on its growing healthcare network across Pan-Asia.

2. SUSTAINABILITY AT FIRST REIT

In First REIT's business as a real estate investment trust, the operations of hospitals and nursing homes at First REIT's assets have significant economic and social impact on the local community where the assets are geographically situated. Many lives and livelihoods are directly or indirectly intertwined with First REIT's business and how it performs.

The hospital and nursing home operations within the portfolio properties bring together medical staff, patients, visitors, suppliers, and members of the local community. The assets provide essential healthcare services to these local communities. With this, First REIT has a responsibility to ensure the highest standards of safety, quality and comfort for these users and stakeholders of the properties.

Figure 1: First REIT's Stakeholders

Despite the challenges of the ongoing COVID-19 pandemic, First REIT continues engaging with a wide range of stakeholders via physical and online mediums to understand stakeholders' most immediate concerns that have arisen from the COVID-19 pandemic and related issues.

Amongst others, stakeholders were asked to consider and rate the importance of a list of topics. The feedback obtained was translated to a Materiality Matrix as detailed in Figure 2 below.

As a business supporting healthcare services, 'Direct and Indirect Economic Impact', 'Asset Quality and Integrity', and 'Pandemic-related support' were top economic, social, and governance (ESG) issues that emerged in First REIT's materiality matrix. These issues are key priorities as First REIT supports healthcare businesses that provide essential services to the public and underserved communities.

Figure 2: First REIT's Materiality Matrix

Source: First REIT Sustainability Report 2020

First REIT and the Indonesia's Health Care System

According to World Bank data, Indonesia has 1.04 hospital beds per 1,000 people. This is amongst the lowest rates of the ASEAN countries with the average number across Asia Pacific being 4.5 hospital beds per 1,000 people.[1]

In 2014, Indonesia introduced its universal healthcare programme, the Jaminan Kesehatan Nasional ("**JKN**"), which has since grown into the world's largest, covering over 200 million people. The JKN is administered by the Badan Penyelenggara Jaminan Sosial ("**BPJS**"), the social insurance administration organisation.

The growth of Indonesia's middle-class and the introduction of universal healthcare has driven demand in almost all aspects of the healthcare sector from hospitals to pharmaceuticals to medical devices. There is an increasing demand for new hospitals in second-tier cities such as Surabaya and Bandung as more of the population engage with the universal healthcare programme, which currently covers more than 200 million individuals.

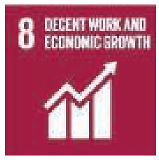
With equal access to medical care in Indonesia still a challenge, Siloam's business strategy allows its hospital to operate on a lower cost based on economic of scale. Hence, Siloam is able to increase affordability from all socio-economic backgrounds and provide access to quality and affordable healthcare all over Indonesia. The company's vision of international quality, reach and scale establishes the platform for Siloam to respond to the dynamic social transformation in Indonesia.

As at 31 December 2021, First REIT owns 15 hospital facilities within Indonesia.

1 *World Bank Data* has not provided its consent to the inclusion of the information, and is therefore not liable for such information. Neither the First REIT Manager nor the First REIT Trustee has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

Contribution to the United Nations Sustainable Development Goals ("UN SDGs")

First REIT contributes through its activities to support the United Nations' objectives as each of its material topics can be mapped to a UN SDG.

Material Topic	Main Approach to Addressing the Topic	Relevant UN SDGs
Economic Dimensions		
Direct and indirect economic impact 	As a REIT, First REIT remains focused on building a high-quality portfolio of healthcare assets. A well-functioning healthcare asset also ensures a healthy business which in turn translates into benefits for the community in terms of healthcare services, jobs, taxes, and revenues for suppliers.	  1.5: By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
Asset quality and integrity 	First REIT constantly strives to maximise the value of its portfolio as its key focus, and it achieves this through careful selection of its acquisition property assets as well asset enhancement initiatives. In selecting acquisition targets, First REIT conducts due diligence in consultation with its financial advisers, building auditors, valuers, bankers, and lawyers, before embarking on the acquisition exercise. For existing assets, First REIT engages external building auditors to carry out building audits to ensure that its properties are well-maintained. First REIT also carries out asset enhancement initiatives to some properties to maintain the quality. Additionally, First REIT welcomes feedback from its stakeholders to offer better service standards to its tenants.	 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Material Topic	Main Approach to Addressing the Topic	Relevant UN SDGs
Financial performance	First REIT's overriding business strategy as a REIT is to focus on building a high-quality portfolio of healthcare assets through yield-accretive acquisitions and asset enhancement initiatives. A strong portfolio of assets allows First REIT to generate stable income and cash flows, as well as growth over time.	8 DECENT WORK AND ECONOMIC GROWTH 8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
Social Dimensions		
Access to healthcare & pandemic-related support	The capital provision and maintenance of high-quality real estate assets are a fundamental part of the healthcare services provided. This improves the availability of medical care and the health situation of regional and local communities and ensures healthy lives and promotes well-being for all at all ages. Given that the impact of the COVID-19 pandemic is multi-dimensional, affecting various groups of stakeholders, helping stakeholders cope with the pandemic required First REIT to execute policies at various operating levels. ***Tenants*** The pandemic had a direct financial impact to the tenants, with a spike in operational costs and knee-jerk reduction to the gross revenues of the tenants. Tenants had to ensure that safety measures were enforced to ensure the health and safety of all building users. First REIT provided two months of rental relief for May 2020 and June 2020 to all its tenants and an additional two months rental relief for September 2020 and October 2020 to its Indonesia tenants.	3 GOOD HEALTH AND WELL-BEING 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS 3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all 3.d: Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Material Topic	Main Approach to Addressing the Topic	Relevant UN SDGs
Employee attraction & retention	In order to attract and retain the best talent, First REIT manages the various aspects of the employee experience to make their positions attractive in a holistic way. These include the following: • Remuneration – providing competitive remuneration packages • Learning and development – providing a well-rounded training programme that covers both formal and on-the-job training • Career progression – providing opportunities for career development and growth • Work culture and environment – creating a positive and cohesive work environment with a culture of learning and mutual respect • Employee wellness – creating a healthy environment with a strong sense of camaraderie through various recreational and team bonding activities	10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
Governance Dimensions		
Regulatory compliance	First REIT adopts a zero-tolerance approach to regulatory breaches. Non-compliance to prevailing laws and regulations, such as SGX-ST listing requirements, Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and tax rulings issued by the Inland Revenue Authority of Singapore, leading up to penalties, fines and revocation of the capital market services licences will not be tolerated.	16.6: Develop effective, accountable and transparent institutions at all levels

Material Topic	Main Approach to Addressing the Topic	Relevant UN SDGs
Ethics and business conduct 	Both First REIT and the First REIT Manager have zero-tolerance for any breaches of its Code of Business Conduct and it also enforces ethical conduct through various policies such as: • Personal Data Protection Policy • Whistle Blowing Policy • Do-not-call Policy • Collection of Personal Data Policy Policies aside, it creates a strong culture of compliance through its staff handbook and educates its employees in its regular interactions.	 16.6: Develop effective, accountable and transparent institutions at all levels
Energy and water conservation 	***Energy conservation*** In FY2021, 100% of the Indonesia hospitals within First REIT's portfolio use energy saving light emitting diodes light bulbs. ***Water conservation*** First REIT's healthcare assets such as Siloam Hospitals Kebon Jeruk has a dedicated Sewage Treatment Plant for wastewater treatment, which conserves water and preserves the natural environment.	 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix 14.1: By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

Material Topic	Main Approach to Addressing the Topic	Relevant UN SDGs
Waste management	The First REIT Manager reuses paper that were only used on one side. Printers in the office print double sided by default so as to reduce paper wastage.	11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

3. RATIONALE OF SOCIAL FINANCE FRAMEWORK

First REIT believes that Social Finance Instruments ("**SFI**"), which may include bonds and loans, are effective tools to channel investments to projects that have demonstrated social benefits and thereby contribute to the achievement of the United Nations Sustainable Development Goals. First REIT intends to align its funding strategy with its mission, sustainability strategy and objectives through the issuances of SFIs.

This social finance framework ("**Framework**") is aligned with the four core components of the Social Bond Principles (2021) as published by the ICMA and the Social Loan Principles (2021) as published by the Loan Market Association ("**LMA**", and collectively, "**Principles**"). First REIT follows the key pillars as set out in the Framework:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting
- External review

First REIT may update the Framework in the future in accordance with updates of the ICMA's Social Bond Principles and LMA's Social Loan Principles.

The Framework will be maintained by the SFWG (as defined herein). This entails regular reviews and updates, revisions to the list of Eligible Categories, and oversight of its implementation.

4. USE OF PROCEEDS

The net proceeds of Social Finance Instruments issued by First REIT will be used exclusively to finance and/or refinance, in whole or in part, eligible social assets (“**Eligible Assets**” together forming the “**Eligible Portfolio**”) in the following eligible category (“**Eligible Project Categories**”). The table below provides an overview of social eligibility criteria of Eligible Assets as well as their contributions to the SDGs (this list is not exhaustive given the interconnectedness of the SDGs).

Social Eligible Category	**Description of Eligible Assets**	**Relevant UN SDGs**
Access to essential services	Financing and/or refinancing of existing assets and its related costs, and/or future investments and related acquisition costs for healthcare and/or healthcare-related facilities falling within one of the following categories: • Hospitals offering essential healthcare services to the general population in Indonesia or other countries that have an average number of hospital beds per 1,000 people below the East Asia & Pacific (excluding high income) average of 3.7[1]; and/or • Nursing homes with a target population of the elderly and/or people in need of medical care and support; and/or • Healthcare properties that have a direct social impact on First REIT’s target population; where target population is defined as people in need of medical care and support within a reasonable distance from the specific healthcare property. All proceeds will be used for properties based in Indonesia.	 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all First REIT serves healthcare providers, namely hospitals, that accept a large range of patients from the Indonesian public. The nature of hospitals provides treatments to all target groups identified by the UN SDG Goal 3. As such, First REIT has indirect impact on all these targets.

[1] https://data.worldbank.org/indicator/SH.MED.BEDS.ZS?locations=4E. *World Bank Data* has not provided its consent to the inclusion of the information, and is therefore not liable for such information. Neither the First REIT Manager nor the First REIT Trustee has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

The following do not qualify for First REIT investment:

- Production or activities involving harmful of exploitative forms of forced labour[1] or child labour[2];
- production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, such as (a) pharmaceuticals[3], pesticides, and herbicides[4], (b) ozone-depleting substances[5], (c) polychlorinated biphenyls[6] and other hazardous chemicals[7], (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora[8], and (e) transboundary trade in waste or waste products[9];
- Production of or trade in weapons and munitions, including paramilitary materials;
- Production of or trade in alcoholic beverages, excluding beer and wine[10];
- Production of or trade in tobacco[11];
- Gambling, casinos, and equivalent enterprises[11];
- Production of, trade in, or ownership of coal and fossil fuel reserves;
- Production of or trade in nuclear power or ownership of nuclear power generation plans;
- Production of, trade in, or use of cannabis;
- Production of or trade in radioactive materials[11], including nuclear reactors and components thereof;
- Production of, trade in, or use of unbonded asbestos fibres[12];

1 Forced labour means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

2 Child labour means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org)

3 A list of pharmaceutical products subject to phaseouts or bans is available at http://www.who.int.

4 A list of pesticides and herbicides subject to phaseouts or bans is available at http://www.pic.int.

5 A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicised ozone hole

6 A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

7 A list of hazardous chemicals is available at http://www.pic.int.

8 A list is available at http://www.cites.org.

9 As defined by the Basel Convention; see http://www.basel.int.

10 As defined by the Basel Convention; see http://www.basel.int.This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations

11 This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

12 This does not apply to the purchase and use of bonded asbestos cement sheeting.

- Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and

- Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and are damaging to marine biodiversity and habitats.

5. PROCESS FOR EVALUATION AND SELECTION OF PROJECTS

The project evaluation and selection processes are key to ensure projects financed meet the criteria stated in this Social Finance Framework.

Social Finance Working Group

First REIT has established a Social Finance Working Group ("**SFWG**"), chaired by the Chief Financial Officer, comprising the following departments:

- Investor Relations

- Asset Management

- Finance

- Legal & Compliance

The SFWG is responsible for the following:

- Establish processes to review, select and validate the Eligible Portfolio based on the Social Finance Framework (Appendix to this section)

- Ensure the Eligible Portfolio does not pose significant environmental and social harm

- Report of Eligible Portfolio and its impact metrics to the First REIT Manager and the REIT's Board on a semi-annual basis

- Validate annual social bond reporting for investors

- Monitor the ongoing evolution related to sustainable capital markets in terms of disclosure/reporting to be in-line with market best practices

- Review the Social Finance Framework on an annual basis to reflect any changes with regarding to First REIT's sustainability strategies and initiatives.

6. MANAGEMENT OF PROCEEDS

First REIT intends to allocate the proceeds from Social Finance Instruments to the Eligible Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above. To ensure proceeds are allocated in accordance with the Social Finance Framework, First REIT will track investments in eligible projects, managed by the SFWG in a portfolio approach.

First REIT will ensure that the level of allocation for the Eligible Portfolio matches or exceeds the balance of net proceeds from its outstanding social financing instrument(s) after adjustments for intervening circumstances including, but not limited to, repayments and disbursements. Additional Eligible Assets will be added to First REIT's Eligible Portfolio to the extent required to ensure that the net proceeds from outstanding social financing will be allocated to Eligible Assets.

Internal monitoring systems are established and maintained to track and record the allocation of the net proceeds such that it is in line with the section entitled "***Use of Proceeds***". Any unallocated proceeds may be deployed temporarily at the discretion of First REIT in cash or cash equivalent instruments, in accordance with First REIT's investments and treasury policy.

First REIT will strive to fully allocate all proceeds within 36 months of the Bonds' issue date.

To prevent double counting of eligible projects, First REIT will ensure that the same capital investment will not be listed twice in the allocation of net proceeds.

The abovementioned process will be monitored by First REIT along the entire period in which the expected disbursements will be incurred.

An external auditor appointed by First REIT will verify, on an annual basis, the proceeds allocation and the remaining balance of unallocated proceeds as specified below.

7. REPORTING

First REIT intends to report on the allocation of net proceeds annually until full allocation and associated output and impact indicators within one year from issuance date and annually thereafter. This report can be published as a standalone Social Finance Report or as part of the annual report. These reports can be found on First REIT's website.

Wherever feasible, First REIT may report on the aggregated impact of the Eligible Portfolio. When available, First REIT will align, on a best-efforts basis, the reporting with the portfolio approach described by the International Capital Markets Association.

Allocation Reporting

The allocation report will provide:

- Brief description of the Eligible Asset(s)
- Amount or percentage of allocation of net proceeds to the Eligible Portfolio
- Percentage of net proceeds allocated to financing new and existing projects
- Examples of projects being financed (subject to confidentiality considerations)
- Balance of unallocated proceeds

Impact Reporting

The impact reporting may provide, where feasible and applicable, metrics regarding the Eligible Assets' social impact. A baseline year of 2021 will be used within the impact report. Potential impact indicators are tabulated as follows:

(i) Hospitals offering essential healthcare services in Indonesia

Social Impact Parameter	**Indicator**	**Description**
Number of Eligible Assets that are identified	To identify and list the applicable eligible assets (the "**Identified Eligible Assets**")	–
Number of operational beds within each specific Identified Eligible Asset	To provide average operational beds of the Identified Eligible Assets on a semi-annual basis; computed based on a simple monthly average of operational beds within each 6-month period	This parameter provides the direct impact of the Identified Eligible Assets' social impact in terms of bed capacity.
Number of hospital beds used for BPJS patients i.e. BPJS Inpatient Volume for each specific Identified Eligible Asset	To provide an average number of operational beds utilised by BPJS patients; computed based on a simple average of monthly operational beds utilised by BPJS patients over each 6-month period or similar metrics.	This parameter provides an indication of the number of beds are utilised by BPJS patients for inpatient treatment.
Number of BPJS patients seeking outpatient medical treatment i.e. BPJS Outpatient Volume for each specific Identified Eligible Asset	To provide a monthly figure of the total number of BPJS patients seeking outpatient medical treatment, for each month within each 6-month period or similar metrics.	This parameter provides an indication of the total number of patients that are seeking subsidised medical care under the existing BPJS programme.
Total BPJS Patients for each specific Identified Eligible Asset	To provide a monthly figure of the total number of BPJS patients seeking both inpatient and outpatient medical treatment, for each month within each 6-month period.	This parameter provides an indication of the total number of patients that are seeking both inpatient and outpatient medical care under the existing BPJS programme.

Social Impact Parameter	Indicator	Description
Total Patients (BPJS and Private) of each specific Identified Eligible Asset	To provide a monthly figure of the total number of patients (both BPJS and Private) seeking both inpatient and outpatient medical treatment, for each month within each 6-month period.	This parameter provides an indication of the total number of patients that come to the specific hospital seeking medical treatment and provides an estimation of the hospital's market catchment and by extension, its social impact to the surrounding region.
Market Catchment for each specific Identified Eligible Asset	To provide an estimation of population surrounding each Eligible Asset that is broadly accepted as the market catchment of each of the Eligible Assets.	This parameter allows an estimation of the Eligible Asset's market catchment and by extension, its social impact to the surrounding region by comparing against Total BPJS Patients and Total Patients (BPJS and Private).

(ii) Other Eligible Assets

For Eligible Assets that are not hospital assets located in Indonesia, the impact reporting may provide, where feasible and applicable, metrics regarding the Eligible Assets' social impacts, where potential impact indicators may include:

- Number of beds
- Type of services offered
- Territorial impact data (such as the number of inhabitants living within a demarcated catchment area surrounding the Eligible Asset)
- Broadly, quantitative or qualitative description of the number of persons or beneficiaries that are positively impacted by the services rendered by the Eligible Asset, or any such parameter that allows an estimation of the Eligible Asset's social impact to the surrounding region.

8. EXTERNAL REVIEW

Pre-issuance: Second Party Opinion

The Social Finance Framework has been reviewed by DNV-GL, who has issued a Second Party Opinion. The Social Finance Framework and Second Party Opinion will be published on First REIT's website.

Post-issuance: Verification

First REIT intends to obtain, on an annual basis, starting one year after issuance and up to full allocation, a limited assurance report of the allocation of the Social Finance Instruments, provided by an external auditor.

APPENDIX: PROJECT SELECTION AND EVALUATION PROCESS

The investment mandate of First REIT is to invest in healthcare and/or healthcare-related income-producing real estate within and outside of Asia. First REIT Management Limited, the First REIT Manager, seeks out suitable real estate assets and during the ordinary course of business, conducts adequate due diligence that covers legal, tax, real estate, valuation and financial aspects, amongst others and in accordance with the requirements of each transaction.

With reference to the Framework, the SFWG will include the following processes within the existing asset management and investment framework:

Activity	SFWG's process of reviewing, selecting, and validating the eligible portfolio
Acquisitions of new assets	For the acquisitions of assets, typically a board paper and a trustee paper (the "**Approval Papers**") will be prepared to seek the approvals of the Board of the First REIT Manager and the First REIT Trustee. The following will be implemented: – A new process flow will be created to include a section within the Approval Papers, where relevant. This new section will serve to identify if the acquisition target is an eligible asset under the Framework, and if so, to spell out the environmental and social impact of the acquisition target. Key aspects of this section will include: • the types of services that the property provides (eg. basic and essential healthcare services, etc) • the target market that the services rendered aim to serve (eg. Elderly population, BPJS patients etc) • Excludes activities that are indicated within First REIT's prohibited investment activities list (PIAL) • Existing energy and waste management metrices (if available) This new process flow may be documented in the form of a checklist, endorsed by the SFWG, and to be appended within the Approval Papers. Where relevant, letters of assurances may be requested for or a validation process may be administered to address the above considerations (eg. a letter of assurance may be obtained where a hospital operator commits to provide basic and essential healthcare services).

Activity	SFWG's process of reviewing, selecting, and validating the eligible portfolio
Project Development/ Construction	For project development/construction or asset enhancement projects and where relevant, the following will be implemented: – The insertion of a clause within any relevant legal document (eg. Within a development works agreement, or to provide a letter of commitment etc), specifying that the tenant or appointed vendor will be required to provided certain assurances or disclosures to the First REIT Manager (where relevant) that is related to: • Health and safety expectations • Training and development of employees • Benefits provided to employees • Respecting labour rights i.e. freedom of association • Waste and hazardous substances management • Energy management • Water management Following which, the SFWG will follow through and request for any suitable/relevant information in accordance to the above topics. The relevant environmental and social disclosures by the tenant or appointed vendor will be tabulated and reviewed by the SFWG periodically. Where relevant, letters of assurances may be requested for or a validation process may be administered to address the above considerations (eg. a review/audit by a third-party professional or assurance provider).

BUSINESS DESCRIPTION OF FIRST REIT

First REIT is a real estate investment trust constituted by the First REIT Trust Deed. The First REIT Manager is First REIT Management Limited and the First REIT Trustee is Perpetual (Asia) Limited. First REIT was listed on the Main Board of SGX-ST on 11 December 2006.

First REIT is Singapore's first healthcare real estate investment trust and the second largest Asian healthcare real estate investment trust (by total assets). First REIT's investment policy is to invest in a diversified portfolio of income-producing real estate and/or real estate-related assets[1] in Asia that are primarily used for healthcare and/or healthcare-related purposes, including, but not limited to, hospitals, nursing homes, medical clinics, pharmacies, laboratories, diagnostic/imaging facilities and real estate and/or real estate related assets used in connection with healthcare research, education, lifestyle and wellness management, manufacture, distribution or storage of pharmaceuticals, drugs, medicine and other healthcare goods and devices and such other ancillary activities relating to the primary objective, whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to hold or own real estate.

Through First REIT, investors can participate in an asset class that has a focus towards Asia's growing healthcare sector, which is boosted by a high life expectancy in Japan as well as an increase in life expectancy in Indonesia and the rest of Southeast Asia.

The First REIT Manager aims to produce attractive total returns for its Unitholders through, amongst other things:

- a well-defined acquisition strategy of acquiring yield-accretive properties in the healthcare and healthcare-related industry which fulfils its investment criteria;

- the active management of First REIT's property portfolio to maximise returns, including the divestment of any property that is identified by the First REIT Manager at any time, to have limited scope for growth; and

- the employment of an optimum capital structure.

The First REIT is sponsored by OUE and its subsidiaries (the "**Sponsor**"), which holds interests (direct and deemed) of approximately 43.9% of the Units held in First REIT. OUE, which is listed on the Main Board of the SGX-ST, is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia. As at 11 March 2022, it has a market capitalisation of approximately S$1.2 billion.

The First REIT Manager is 40% owned by OUELH, with the remaining 60% held by OUE. OUELH, which is listed on the Catalist Board of the SGX-ST, is an integrated healthcare services and facilities provider with a presence in Japan, Myanmar, Indonesia and Malaysia and a subsidiary of OUE. As at the Latest Practicable Date, it has a market capitalisation of approximately S$156 million.

The First REIT Manager is staffed by experienced professionals with a track record of successfully investing in and effectively managing quality property assets across Asia for the benefit of the Unitholders.

As at the Latest Practicable Date, First REIT's market capitalisation was approximately S$604.0 million (based on the closing price of S$0.295 per Unit, with 2,047,478,761 Units in issue).

[1] Under the Property Funds Appendix, "**real estate-related assets**" refer to listed or unlisted debt securities and listed shares of or issued by property corporations, mortgage-backed securities, other property funds, and assets incidental to the ownership of real estate (e.g. furniture).

First REIT's financial results for the financial years ended 31 December 2019 ("**FY2019**"), 31 December 2020 ("**FY2020**") and 31 December 2021 ("**FY2021**") were as follows:

	FY2019	FY2020	FY2021
Rental and other income (S$'000)	115,297	79,619[(2)]	102,346
Net property and other income (S$'000)	112,894	77,465[(2)]	100,216
Income available for distribution (S$'000)	68,463	33,413[(2)]	42,120
Distribution per Unit ("DPU") (Singapore cents)	8.60	4.15	2.61[(3)]
Distribution yield (%)[(1)]	8.6	17.6	8.6
Adjusted DPU (Singapore cents)	8.60	4.15	5.12[(3)]
Assets under management	1,340.8	939.7[(4)]	962.4

Note:

(1) Based on the market closing price per Unit of S$0.995 as at 31 December 2019, S$0.235 as at 31 December 2020, and S$0.305 as at 31 December 2021.

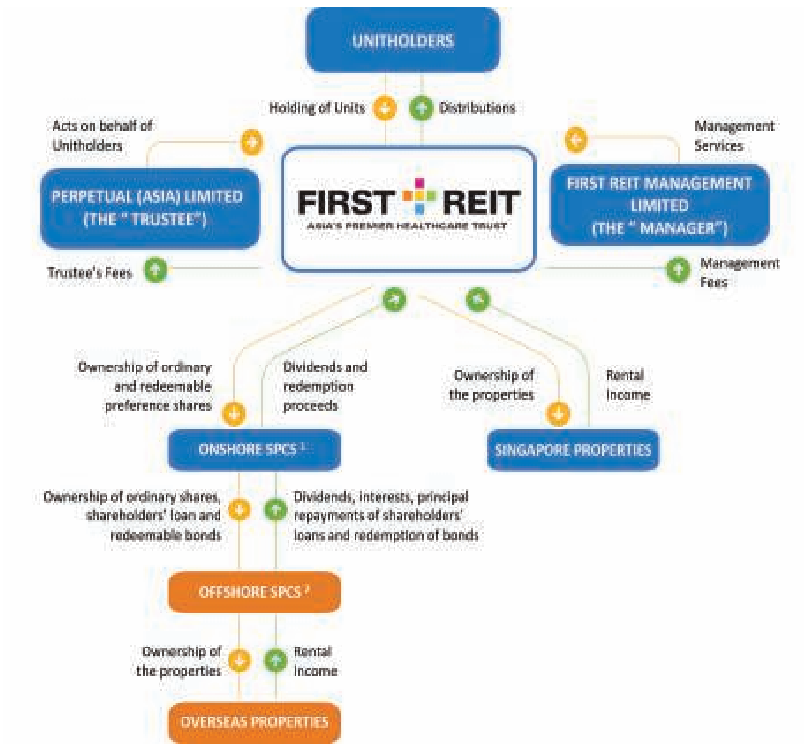
(2) Rental and other income for FY2020 decreased mainly due to a two-month rental relief extended to all tenants in May 2020 and June 2020 and a two-month rental relief in September 2020 and October 2020 extended to the Indonesia tenants to alleviate the economic distress caused by the COVID-19 pandemic. Net property and other income, Income available for distribution and DPU for FY2020 were consequentially affected.

(3) DPU is lower for FY2021 mainly due to the issuance of 791,062,223 rights units on 24 February 2021. These new rights units are entitled to participate in the 1Q to 4Q 2021 distribution. If the new rights units issued on 24 February 2021 are excluded in the distribution computation, the adjusted DPU is 5.12 Singapore cents for FY2021.

(4) The decrease in portfolio valuation is mainly due to net fair value losses on revaluation of investment properties, which the valuation of certain Indonesia properties have taken into consideration the terms arising from the restructured MPU MLAs and the restructured LPKR MLAs which took effect from 1 January 2022.

As at 31 December 2021, First REIT had total Unitholders' funds of approximately S$0.59 billion, total assets of S$1.05 billion and NAV per Unit of S$0.37.

The following chart sets out the structure of First REIT, and the roles and responsibilities carried out by each party:



Notes:

(1) Onshore SPCs refer to Singapore Special Purpose Companies.

(2) Offshore SPCs refer to Overseas Special Purpose Companies.

OVERVIEW OF KEY EVENTS OF FIRST REIT

In January 2018, First REIT had, through the First REIT Trustee, secured up to S$400 million in syndicated secured financing facilities from Oversea-Chinese Banking Corporation Limited ("**OCBC**") (the "**2018 Secured Loan Facilities**"); the 2018 Secured Loan Facilities were partially refinanced with the drawdown from the S$260 million loan facility on 1 March 2021 and partly repaid by using the proceeds raised from the issuance of renounceable and non-underwritten rights on 24 February 2021 (i.e. the Rights Issue (as defined herein)). The total credit facilities outstanding as at the Latest Practicable Date is S$352.4 million (before transaction costs).

In May 2018, First REIT had, through the First REIT Trustee, secured S$100 million in term loan facilities from CIMB Bank Berhad, Labuan Offshore Branch.

In October 2018, OUE and OUELH completed the acquisition of 100.0% of the shares of the First REIT Manager from LK REIT Management Pte. Ltd., an indirect wholly-owned subsidiary of LPKR.

In December 2018, the First REIT Manager announced that the operations of Siloam Hospitals Surabaya were not affected by the road subsidence that took place on 18 December 2018 along Gubeng Highway, Surabaya, which is in close proximity to Siloam Hospitals Surabaya.

In April 2019, First REIT had, through the First REIT Trustee, secured S$100 million in syndicated secured financing facilities from CIMB Bank Berhad, Labuan Offshore Branch and OCBC.

In December 2019, the National Land Office of Indonesia had extended the HGB title for Siloam Hospitals Lippo Village for a period of 20 years to 25 December 2039.

In January 2020, in relation to the road subsidence on Gubeng Highway, Surabaya, Indonesia, the First REIT Manager announced that the Indonesian authorities were investigating the matter, and that the road subsidence had a serious impact on the development works to develop a new hospital, which were no longer progressing and were on hold pending the outcome of the investigations.

In March 2020, Lippo Plaza Kupang and Lippo Plaza Buton were closed temporarily due to COVID-19, except for essential services.

In April 2020, First REIT adopted semi-annual reporting of its financial results with effect from the financial year ending 31 December 2020.

In April 2020, the temporary closure of Lippo Plaza Kupang and Lippo Plaza Buton was extended to 12 May 2020 and Hotel Aryaduta Manado was temporarily closed.

In May 2020, the temporary closure of Lippo Plaza Kupang was extended to 26 May 2020 and Lippo Plaza Buton was reopened.

In May 2020, in relation to the road subsidence on Gubeng Highway, Surabaya, Indonesia, the First REIT Manager announced that (a) it had commissioned tax consultants, development and construction-related consultants, legal counsels and valuers to carry out feasibility studies across various fields; and (b) the First REIT Manager has been in active discussions with all stakeholders to reach a settlement on the matter.

In May 2020, the First REIT Manager changed its name from "Bowsprit Capital Corporation Limited" to "First REIT Management Limited" with effect from 21 May 2020.

In June 2020, LPKR unilaterally issued a press release entitled "*COVID-19 Renders Rental Subsidies Unsustainable; LPKR to Initiate Restructuring Discussions On Leases With First REIT*".

In June 2020, the development works agreement entered into between PT Tata Prima Indah and PT Saputra Karya on 20 October 2015 was terminated.

In July 2020, First REIT extended two months' rental relief to all tenants, to alleviate the economic distress, in view of the COVID-19 pandemic.

In August 2020, the First REIT Manager announced (a) that it was anticipating the receipt of a proposal regarding a potential rental restructuring from LPKR; and (b) that it was in active discussions with all stakeholders to reach a settlement of the road subsidence on Gubeng Highway, Surabaya, Indonesia.

In September 2020, the First REIT Manager announced (a) the receipt of a non-binding proposal regarding the restructuring of the Master Lease Agreements from LPKR (the "**LPKR MLA Restructuring**"); (b) the establishment of an independent board committee comprising the independent directors of the Board of the First REIT Manager to consider and evaluate LPKR's proposal; and (c) that it was in discussions with its lenders and was reviewing all options available to effect a sustainable capital structure for First REIT after taking into account the potential impact of any proposed rental restructuring.

In October 2020, First REIT extended a further two months' rental relief to all tenants in Indonesia.

In October 2020, the First REIT Manager received a request from MPU for (a) additional rental relief for the second half of 2020; (b) flexibility in the payment of outstanding rents; and (c) restructuring of the existing Master Lease Agreements in respect of Siloam Sriwijaya, Siloam Hospitals Purwakarta and Siloam Hospitals Kupang & Lippo Plaza Kupang (the "**MPU MLA Restructuring**", and the restructured Master Lease Agreements with MPU, the "**restructured MPU MLAs**") (the LPKR MLA Restructuring and the MPU MLA Restructuring, collectively the "**Master Lease Restructuring**").

In November 2020, First REIT, through the First REIT Trustee, entered into a memorandum of understanding with each of LPKR and MPU in relation to the LPKR MLA Restructuring and the MPU MLA Restructuring.

In December 2020, First REIT, through the First REIT Trustee, entered into a refinancing facility to meet its repayment obligations due on 1 March 2021.

In December 2020, First REIT issued a circular which contained, among others, a notice to convene an extraordinary general meeting on 19 January 2021 for the purpose of seeking Unitholders' approval in connection with the LPKR MLA Restructuring and the whitewash resolution.

In December 2020, the First REIT Manager announced its intention to carry out a Sponsor-backed renounceable rights issue (the "**Rights Issue**") for the purposes of repaying part of the 2018 Secured Loan Facilities.

In January 2021, the resolutions to approve the LPKR MLA Restructuring and the whitewash resolution were duly passed by Unitholders at the extraordinary general meeting on 19 January 2021.

In January 2021, the Rights Issue was launched, raising gross proceeds of approximately S$158.2 million pursuant to its completion in February 2022.

In March 2021, in connection with the LPKR MLA Restructuring, each of the relevant wholly-owned subsidiaries of First REIT had entered into a supplemental master lease agreement to effect the LPKR MLA Restructuring (the "**restructured LPKR MLAs**").

In May 2021, the National Land Office of Indonesia extended one of the HGB titles for Siloam Hospitals Surabaya for a period of 20 years to 26 November 2041.

In May 2021, First REIT successfully completed its strategic initiatives to restructure its business, recapitalise its balance sheet and reposition itself for sustainable future growth. The LPKR MLA Restructuring and the MPU MLA Restructuring extended the lease term for the hospitals which were leased to LPKR and MPU, with the option for a further 15-year renewal term with the mutual agreement of the relevant master lessors and master lessees. This also extended First REIT's weighted average lease expiry ("**WALE**") for its entire portfolio from 6.4 years to 12.3 years as at 31 December 2020, thereby stabilising First REIT's future income streams.

In July 2021, the First REIT Manager announced that (a) LPKR had indicated that it would require more time to propose a plan for the full and final settlement of all outstanding obligations of PT Tata Prima Indah and PT Saputra Karya under the development works agreement, and (b) that it was in active discussions with all stakeholders to reach a settlement of the road subsidence on Gubeng Highway, Surabaya, Indonesia.

In July 2021, First REIT, through wholly-owned subsidiaries of the First REIT Trustee, entered into conditional sale and purchase agreements to divest the property known as 'Sarang Hospital' in South Korea and First REIT's entire shareholding in Kalmore (Korea) Ltd for an aggregate sale price of approximately US$4.52 million.

In July 2021, the National Land Office of Indonesia extended two of the HGB titles for Siloam Hospitals Lippo Village covering land area of 2,135 square metres ("**sq m**") and 3,314 sq m for a period of 20 years to 24 September 2042.

In July 2021, the First REIT Manager announced that it was in active discussions with all stakeholders to reach a settlement of the road subsidence on Gubeng Highway, Surabaya, Indonesia and anticipated to reach a settlement by the end of the year.

In August 2021, First REIT, through wholly-owned subsidiaries of the First REIT Trustee, completed the divestment of the property known as 'Sarang Hospital' in South Korea and First REIT's entire shareholding in Kalmore (Korea) Ltd.

In November 2021, First REIT, through a wholly-owned subsidiary of the First REIT Trustee, entered into a renewed master lease agreement in respect of Imperial Aryaduta Hotel & Country Club with LPKR.

In December 2021, with regard to the development works agreement, First REIT proposed to receive an aggregate settlement amount of approximately S$30.6 million from PT Saputra Karya. Unitholders' approval for the settlement was received on 28 January 2022.

In December 2021, the First REIT Manager announced the proposed Japan Acquisitions which completed on 1 March 2022.

In January 2022, Unitholders approved the settlement of the road subsidence on Gubeng Highway, Surabaya. First REIT will receive approximately S$30.6 million from PT Saputra Karya in full by June 2022, which the First REIT Manager intends to use to pare down existing loans and/or for working capital purposes.

In March 2022, the National Land Office of the Republic of Indonesia (*Badan Pertanahan Nasional*) has extended one of the HGB titles for Siloam Hospitals Surabaya covering a land area of 684 sqm for another twenty (20) years to 7 September 2043.

RECENT DEVELOPMENTS – THE JAPAN ACQUISITIONS

In December 2021, First REIT, through the First REIT Trustee, entered into a sale and purchase agreement with OUELH for the proposed acquisition of 100.0% of the issued and paid-up share capital of JMF, which owns a 100.0% interest in the Japan Nursing Homes, for an agreed purchase price of JPY24,213 million (the "**Agreed Purchase Price**" and the acquisition of 100.0% of the issued and paid-up share capital of JMF, the "**JMF Acquisition**"). The Agreed Purchase Price of JPY24,213 million for the Japan Nursing Homes was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by CWKK and CBRE (each as defined herein) and is a discount of 2.9% to the aggregate of the averages of the two independent valuations of each Japan Nursing Homes of JPY24,926 million as at 29 October 2021 (reflecting S$299.1 million as at 31 December 2021 based on the closing exchange rates for JPY:SGD of 83.33 as at 31 December 2021). The First REIT Trustee had commissioned an independent valuer, Cushman & Wakefield K.K. ("**CWKK**"), and the First REIT Manager had commissioned an independent valuer, CBRE K.K ("**CBRE**"), to respectively value each of the Japan Nursing Homes.

First REIT had also, through the First REIT Trustee, entered into a sale and purchase agreement with OUELH for the proposed acquisition of 100.0% of the issued and paid-up share capital of JMA (the "**JMA Acquisition**"). As a reflection of the Sponsor's commitment to First REIT and its 2.0 Growth Strategy (as defined herein), the First REIT Manager (with the support of the Sponsor, which owns 100.0% of the First REIT Manager) has waived its acquisition fee entitlement under the First REIT Trust Deed in respect of the Japan Acquisitions, which fee would otherwise have been approximately S$3.0 million (being 1.0% of the Agreed Purchase Price for the Japan Nursing Homes).

The Japan Nursing Homes consist of 12 high quality freehold nursing homes which are well-placed across Japan, with a combined gross floor area ("**GFA**") of 90,989 sq m[1] and 1,451 rooms:

Location	Sapporo City, Hokkaido	Matsumoto City, Nagano	Nara City/Kita Katsuragi-gun, Nara	Miyazu City, Kyoto
Number of assets	7	2	2	1
Agreed Purchase Price (JPY 'bn)	17.6	1.7	4.0	0.9
Agreed Purchase Price (S$ 'mn)[(1)]	211.1	20.5	47.8	11.2
Gross floor area ("GFA") (sq m)	67,393	6,619	14,049	2,927

Note:

(1) The Agreed Purchase Price for the Japan Nursing Homes, which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by CWKK and CBRE, based on the closing exchange rates for JPY:SGD of 83.33 as at 31 December 2021.

1 Minor differences due to rounding.

JMF is a private company limited by shares incorporated in Singapore on 3 January 2013. JMF indirectly owns the Japan Nursing Homes, which are leased to independent nursing home operators, through OUELH TMK (Japan). OUELH TMK (Japan) holds the Japan Nursing Homes, as well as acts as lessor under the master lease agreements entered into with the various local Japanese operators of the Japan Nursing Homes that provide daily services, medical consultation services, leisure and entertainment programmes as well as nursing care, including special meal preparation, provision of functional training and toilet and bathing assistance (See also "***Business Description of First REIT – The First REIT Portfolio***" for further details on these Japanese operators).

JMA is a private company limited by shares incorporated in Singapore on 2 October 2014. JMA in turn holds 100.0% of the total issued and paid-up capital in HJKK, a *kabushiki kaisha* company incorporated in Japan. JMA is part of the ownership holding structure for the Japan Nursing Homes as HJKK has issued interest-bearing bonds to OUELH TMK (Japan) to facilitate the repatriation of the net rental income of the Japan Nursing Homes.

Unitholders' approval for the JMF Acquisition and the JMA Acquisition (collectively, the "**Japan Acquisitions**") were received on 28 January 2022 and the Japan Acquisitions completed on 1 March 2022. The aggregate purchase consideration for the Japan Acquisitions were partially funded through the issuance of new Units at 9.3% premium of First REIT's 3-month VWAP of S$0.279.

Please refer to the announcement titled "*Proposed Acquisition of 12 Nursing Homes located in Japan and the Proposed Settlement in respect of the Terminated Development Works adjacent to Siloam Hospitals Surabaya*" dated 8 December 2021 (the "**Japan Acquisition Announcement**"), the announcement titled "*Completion of the Proposed Acquisition of 12 Nursing Homes located in Japan and Issue and Listing of Consideration Units*" dated 1 March 2022 (the "**Japan Completion Announcement**" and with the Japan Acquisition Announcement, the "**Japan Announcements**"), and the Circular dated 6 January 2022 (the "**Japan Circular**") for further details on the Japan Acquisitions.

With the completion of the Japan Acquisitions, First REIT will be well-poised to benefit from the growing Japan healthcare market backed by strong fundamental growth drivers. The key benefits of the Japan Acquisitions include, among others:

(i) providing strategic entry into the highly attractive Japan nursing home market with strong demand drivers;

(ii) improving First REIT's portfolio diversification and reducing its risk profile for long term growth; and

(iii) DPU accretion to Unitholders on a *pro forma* basis for FY2020 and FY2021 (please refer to the section below for further details on the *pro forma* financial effects of the Japan Acquisitions for FY2021).

The *Pro Forma* Financial Effects of the Japan Acquisitions

Unless otherwise defined herein, terms capitalised in this section "***The Pro Forma Financial Effects of the Japan Acquisitions***" shall have the same meanings given to them in the Japan Announcements.

The *pro forma* financial effects of the Proposed Acquisition presented below are strictly for illustrative purposes only and are prepared based on the latest available Condensed Interim Financial Statements in respect of the year ended 31 December 2021 of First REIT (the "**FY2021 Unaudited Consolidated Financial Statements**") and assuming:

(i) the Total Acquisition Cost, comprising the JMF Purchase Consideration, the JMA Purchase Consideration, and the estimated stamp duties, professional and other fees and expenses incurred or to be incurred by First REIT in connection with the Japan Acquisition, is S$168.0 million, of which S$16.2 million will be net-off against the obligation of OUELH to pay the JMF Intercompany Balances Amount and the JMA Intercompany Balances Amount, S$20.3 million will be paid in cash and the balance of S$131.5 million by way of the issue of 431,147,541 Consideration Units issued at an issue price of S$0.305 per Consideration Unit;

(ii) the accounting policies and methods of computation applied to the *pro forma* financials are consistent with those applied in the FY2021 Unaudited Consolidated Financial Statements and the accounting standards applicable as at the date of the Japan Completion Announcement;

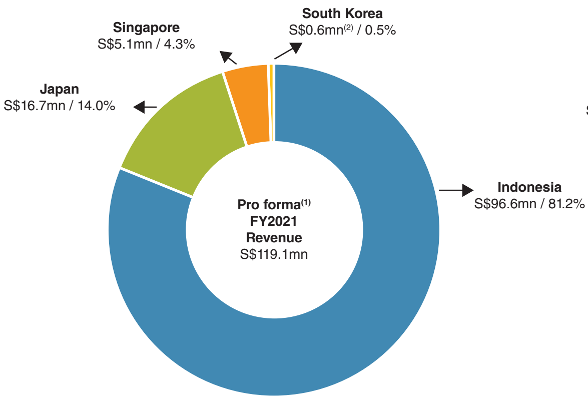
(iii) the First REIT Manager has opted for management fee in Units at 75% for the Japan Nursing Homes;

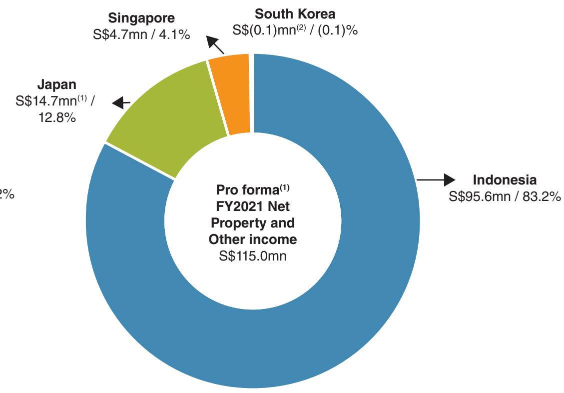
(iv) the fair value of the Japan Nursing Homes was assumed to be the Agreed Purchase Price for the Japan Nursing Homes, the fair value losses on investment properties mainly attributed to the above transaction costs; and

(v) the average and closing exchange rates for JPY:SGD used for translating the FY2021 income statement and the financial positions of the Japan Nursing Homes as at 31 December 2021 are 81.30 and 83.33, respectively.

A. *Pro Forma* Revenue and Net Property and Other Income

The revenue and net property and other income as at 31 December 2021, including the Japan Nursing Homes on a *pro forma* basis are as follows:





Notes:

(1) Including the Japan Nursing Homes and on a FY2021 *pro forma* basis.

(2) In August 2021, First REIT, through wholly-owned subsidiaries of the First REIT Trustee, completed the divestment of the property known as 'Sarang Hospital' in South Korea and First REIT's entire shareholding in Kalmore (Korea) Ltd.

B. *Pro Forma* DPU

The *pro forma* financial effects of the Japan Acquisitions on the DPU and DPU yield for FY2021, as if the Japan Acquisitions were completed on 1 January 2021 and First REIT held the Japan Nursing Homes through to 31 December 2021, are as follows:

	FY2021	
	Before the Proposed Acquisition(1)	**After the Proposed Acquisition**
Rental and other income (S$'000)	102,346	119,057
Net property and other income (S$'000)	100,216	114,963
Distributable Income (S$'000)	42,120	53,621
Units in issue and to be issued	1,616,331,220	2,049,292,220
DPU (Singapore cents)(2)	2.61	2.62
DPU Yield (%)(3)	8.6	8.6

Notes:

(1) Based on the FY2021 Unaudited Consolidated Financial Statements.

(2) The calculation of DPU per unit has taken in consideration of the 431,147,541 Units issued for the Japan Acquisitions.

(3) Computed based on First REIT's closing price of S$0.305 as at 31 December 2021.

C. *Pro Forma* NAV per Unit

The *pro forma* financial effects of the Proposed Acquisition on the NAV per Unit as at 31 December 2021, as if the Japan Acquisitions were completed on 31 December 2021, are as follows:

	As at 31 December 2021	
	Before the Proposed Acquisition(1)	**After the Proposed Acquisition**
NAV (S$'000)	591,145	714,464
Units in issue and to be issued(2)	1,613,028,634	2,045,989,634
NAV per Unit (Singapore cents)(3)	36.65	34.92
Leverage ratio (%)	33.6	36.0

Notes:

(1) Based on the FY2021 Unaudited Consolidated Financial Statements.

(2) The Units in issue and to be issued do not include the 3,302,586 Units issued from 1 January 2022 to the date preceding the date of the Japan Completion Announcement.

(3) The calculation of NAV per unit has taken in consideration of the 431,147,541 Units issued for the Japan Acquisitions.

D. *Pro Forma* Capitalisation

The following table sets out the *pro forma* capitalisation of First REIT as at 31 December 2021, as if the Japan Acquisitions were completed on 31 December 2021.

	As at 31 December 2021	
	Actual	**As adjusted for the Proposed Acquisition**[1]
	(S$'000)	(S$'000)
Short-term debt:		
Secured	99,258	99,258
Total short-term debt	99,258	99,258
Long-term debt:		
Secured	249,953	378,644
Total long-term debt	249,953	378,644
Total Debt	349,211	477,902
Unitholders funds	591,145	714,464
Perpetual securities holders' fund	60,675	60,675
Total Capitalisation	**1,001,031**	**1,253,041**

Note:

(1) Based on the FY2021 Unaudited Consolidated Financial Statements.

E. Other Information

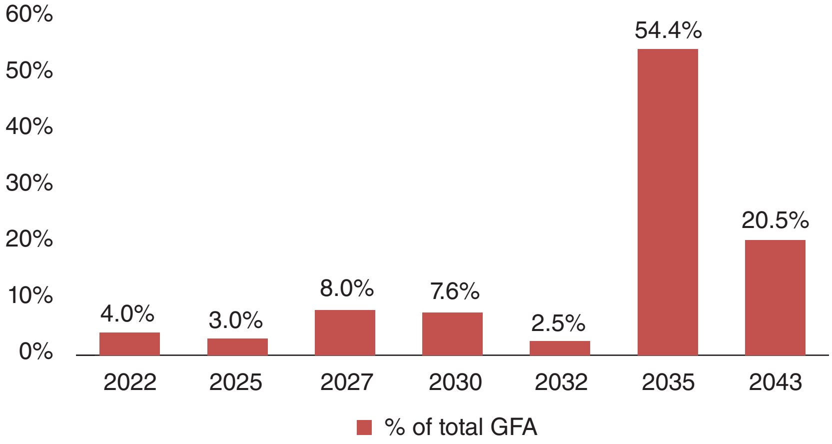
i. Deposited Property of First REIT

As stated in the Japan Acquisition Announcement, the value of First REIT's Deposited Property (as defined in the First REIT Trust Deed) will increase by 29.1% from S$1,016.5 million as at 30 June 2021 to S$1,312.1 million after the completion of the Japan Acquisitions. The First REIT Manager wishes to add that the value of First REIT's Deposited Property will increase by 28.2% from S$1,049.5 million as at 31 December 2021 to S$1,345.2 million after the completion of the Japan Acquisitions.

ii. WALE

As stated in the Japan Acquisition Announcement, the Japan Acquisitions are expected to provide high income stability and cashflow visibility to First REIT. As at 30 June 2021, the Japan Nursing Homes had an aggregate WALE of 22 years. Each of the Japan Nursing Homes has a long-term master lease agreement with its master tenant until the lease expiry date of 24 April 2043. Upon completion of the Japan Acquisitions, the WALE by GFA of First REIT will improve from approximately 12.0 years as at 30 June 2021 to approximately 14.0 years respectively.

Lease Expiry by Year



Note: Based on GFA of 444,558 sq m (including Japan nursing homes).

As at 31 December 2021, the Japan Nursing Homes had an aggregate WALE of 21.3 years. Upon completion of the Japan Acquisitions, the WALE by GFA of First REIT will improve from approximately 11.5 years as at 31 December 2021 to approximately 13.5 years, with the GFA increasing from 353,569 sq m as at 31 December 2021 to 444,558 sq m.

iii. *Borrowings*

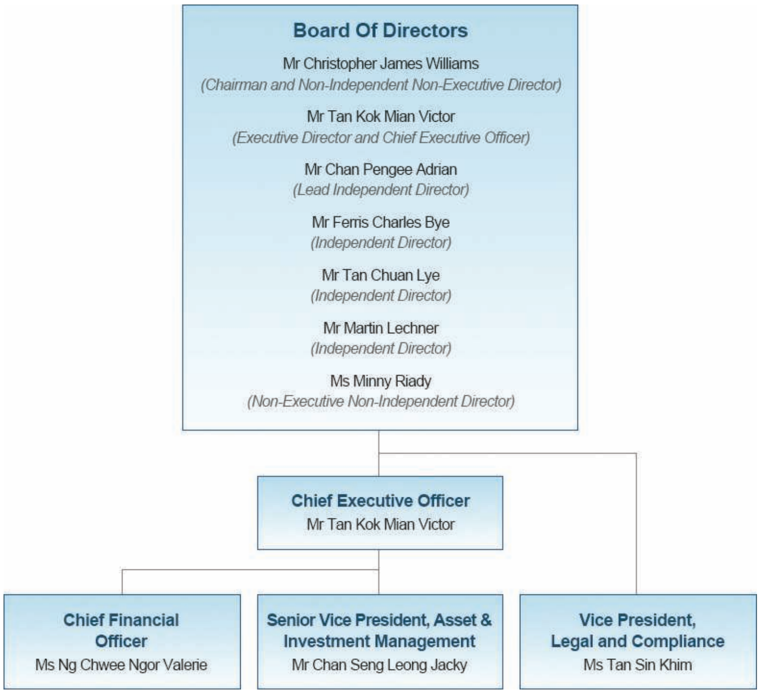
The cost of debt of JMF and JMA for FY2021 is a weighted average interest rate of 1.2% per annum (on an all-in costs basis) and the Japan Acquisitions are expected to reduce First REIT's cost of debt from a weighted average rate of 4.2% per annum (on an all-in costs basis) to 3.4% per annum on a *pro forma* basis (assuming that First REIT had held JMF and JMA from 1 January 2021) for FY2021. By taking over the debt of JMF and JMA which was issued in May 2020 and maturing in May 2025, the weighted average debt maturity of First REIT will increase from 0.9 years to 1.6 years as at 31 December 2021 (assuming that First REIT holds JMF and JMA on 31 December 2021).

The First REIT Manager

The First REIT Manager is an indirect wholly-owned subsidiary of the Sponsor. The First REIT is 40% owned by OUELH, one of the sponsors of First REIT, with the remaining 60% held by OUE.

The First REIT Manager was incorporated in Singapore under the Companies Act on 17 May 2006. As at the Latest Practicable Date, the First REIT Manager has a paid-up of S$1.0 million and its registered office is located at 333 Orchard Road, #33-02, Singapore 238867.

Management Reporting Structure of the First REIT Manager



Roles and Responsibilities of the First REIT Manager

The First REIT Manager has general powers of management over the assets of First REIT. The First REIT Manager's main responsibility is to manage the assets and liabilities of First REIT in the best interests of the Unitholders.

The primary role of the First REIT Manager is to set the strategic direction of First REIT and make recommendations to the First REIT Trustee on the acquisition, divestment or enhancement of assets of First REIT in accordance with its stated investment strategy. The research, analysis and evaluation required for this purpose are co-ordinated and carried out by the First REIT Manager. The First REIT Manager is also responsible for the risk management of First REIT.

Other functions and responsibilities of the First REIT Manager include:

- using its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with or on behalf of First REIT at arm's length and on normal commercial terms;

- preparing property plans on a regular basis which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanation of major variances to previous forecasts, written commentary on key issues and any other relevant assumptions. The purpose of these plans is to explain the performance of First REIT's properties;

- ensuring compliance with the applicable provisions of the SFA and all other relevant legislations, the Listing Manual of SGX-ST (the "**Listing Manual**"), the CIS Code including the Property Funds Appendix, the First REIT Manager's obligations under the First REIT Trust Deed, FRS, any tax ruling and all relevant contracts; and

- attending to all regular communications with the Unitholders.

See "***Management and Corporate Governance of First REIT – Roles and Responsibilities of the First REIT Manager***".

Strategy Overview

The principal investment strategy of the First REIT Manager is to invest in a diversified portfolio of income-producing real estate and/or real estate-related assets[1] in Asia that are primarily used for healthcare and/or healthcare-related purposes, including, but not limited to, hospitals, nursing homes, medical clinics, pharmacies, laboratories, diagnostic/imaging facilities and real estate and/or real estate-related assets used in connection with healthcare research, education, lifestyle and wellness management, manufacture, distribution or storage of pharmaceuticals, drugs, medicine and other healthcare goods and devices and such other ancillary activities relating to the primary objective, whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to hold or own real estate.

The First REIT Manager plans to achieve these objectives through the following strategies:

- *Acquisition Growth Strategy:* First REIT's acquisition growth strategy envisages investments in healthcare and/or healthcare-related assets in Asia that are in the interests of Unitholders. The First REIT Manager consistently identifies and evaluates assets for future acquisition by First REIT. Potential acquisition targets include assets in regional healthcare and/or healthcare-related markets with high growth potential such as Indonesia, Singapore, China, Malaysia, Japan, Thailand, Hong Kong and Australia.

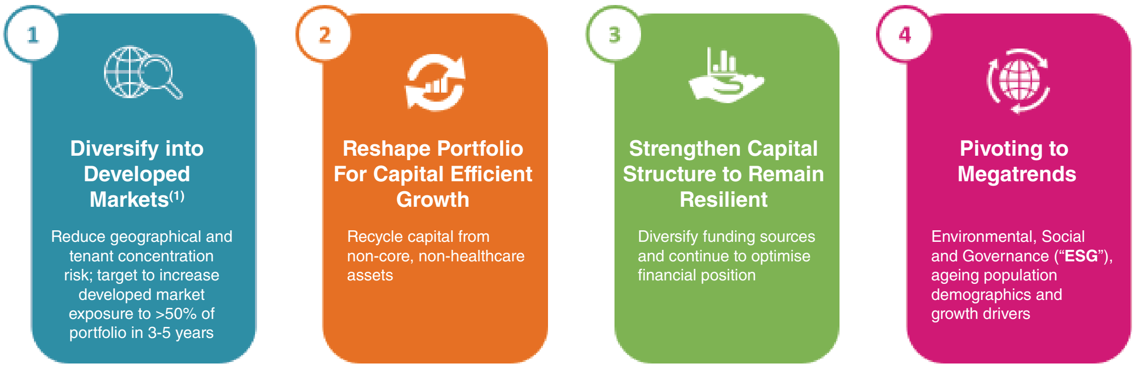
- *Capital and Risk Management Strategy:* The First REIT Manager employs an appropriate mix of debt and equity in any financing including that of future acquisitions, and utilises currency and interest rate hedging strategies, where appropriate, to optimise risk-adjusted returns to the Unitholders.

- *Active Asset Enhancement and Management Strategy:* The First REIT Manager intends to implement pro-active measures to enhance the returns from the existing and future properties in First REIT's portfolio.

1 Under the Property Funds Appendix, "**real estate-related assets**" refer to listed or unlisted debt securities and listed shares of or issued by property corporations, mortgage-backed securities, other property funds, and assets incidental to the ownership of real estate (e.g. furniture).

First REIT 2.0 Growth Strategy

In December 2021, First REIT launched the "**2.0 Growth Strategy**" to re-position First REIT for future sustainable growth and to transform First REIT to become Asia's Premier Healthcare Trust, with four key strategic pillars:



Diversify into Developed Markets

By diversifying into developed markets including Japan, Europe, UK and Australia, First REIT will be able to ride on the healthcare megatrends (i.e. ageing population demographics, increased demand for medical services) and significantly reduce counterparty risks. As these markets have a mature healthcare system, the properties are able to produce stable yield and returns. Furthermore, with a strict investment and acquisition criteria, First REIT will be able to invest in yield-accretive, stable assets with recurring cash flows, and with reputable counterparties.

Reshape Portfolio for Capital Efficient Growth

- In August 2021, First REIT, through wholly-owned subsidiaries of the First REIT Trustee, completed the divestment of the property known as 'Sarang Hospital' in South Korea and First REIT's entire shareholding in Kalmore (Korea) Ltd, for an aggregate sale price of approximately US$4.52 million (approximately S$6.1 million based on the closing exchange rates for USD:SGD of 1.3610 as at 31 July 2021), allowing the First REIT Manager to recycle capital).

- In January 2022, Unitholders approved the settlement of the road subsidence on Gubeng Highway, Surabaya. First REIT will receive approximately S$30.6 million from PT Saputra Karya in full by June 2022, which the First REIT Manager intends to use to pare down existing loans and/or for working capital purposes.

- With respect to the Imperial Aryaduta Hotel & Country Club ("**IAHCC**"), which has been identified as a non-core asset as it is a non-healthcare asset, the First REIT Manager has appointed PT Rantaka Haburi Radika and PT Colliers International Indonesia to procure a suitable purchaser for IAHCC since May 2021. The First REIT Manager intends to continue to market IAHCC for divestment and believes it is prudent to have in place a short-term lease in line with market terms while this process remains ongoing. The master lease for IAHCC was extended by the First REIT Manager in November 2021 on a short term to the end of December 2022 to provide some revenue stability from IAHCC while still allowing the First REIT Manager strategic flexibility as it further refines its longer-term business plans following the Master Lease Restructuring.

Strengthen Capital Structure to Remain Resilient:

- The cost of debt of JMF and JMA for FY2021 is a weighted average interest rate of 1.2% per annum (on an all-in costs basis) and the Japan Acquisitions reduced First REIT's cost of debt from a weighted average rate of 4.2% per annum (on an all-in costs basis) to 3.4% per annum on a *pro forma* basis (assuming that First REIT had held JMF and JMA from 1 January 2021) for FY2021. By taking over the debt of JMF and JMA which was issued in May 2020 and maturing in May 2025, the weighted average debt maturity of First REIT also increased from 0.9 years to 1.6 years as at 31 December 2021 (assuming that First REIT holds JMF and JMA on 31 December 2021).

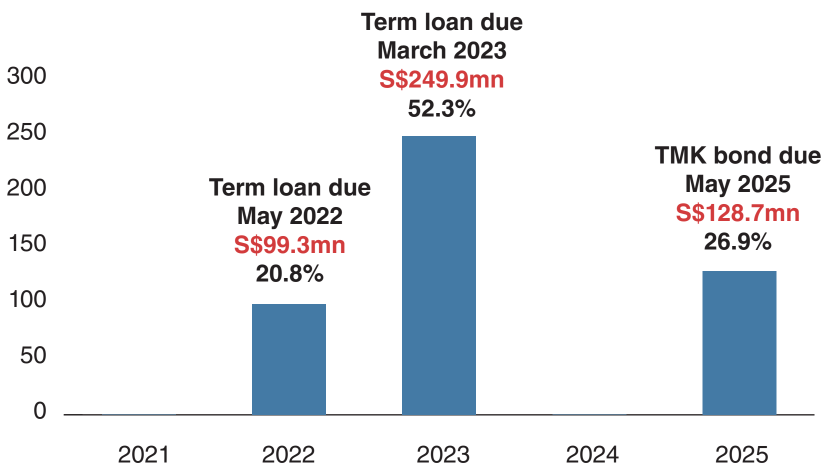
- The existing S$500,000,000 multicurrency debt issuance programme provides another source of funds for First REIT.

- The divestment of non-core assets (e.g. the ongoing divestment process of IAHCC and the proceeds from the settlement of the road subsidence on Gubeng Highway, Surabaya) will provide further capital to recycle.

As at 31 December 2021, the Group has cash and cash equivalents of S$51.2 million.

First REIT's funding sources will be further diversified with the Bonds, which supplements its banking facilities. Post-completion of the issuance of the Bonds, the weighted average debt maturity of First REIT will also increase from 1.6 years to 2.6 years as at 31 December 2021 (assuming a S$100 million bond issuance due in March 2027).

Debt Maturity Profile
(As at 31 Dec 2021 on a pro forma basis(1))



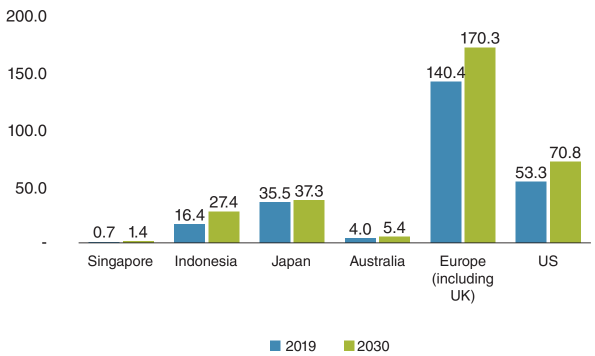
Note:

(1) Following the completion of the acquisition of the Japan Nursing Homes, as at 31 December 2021 on a *pro forma* basis.

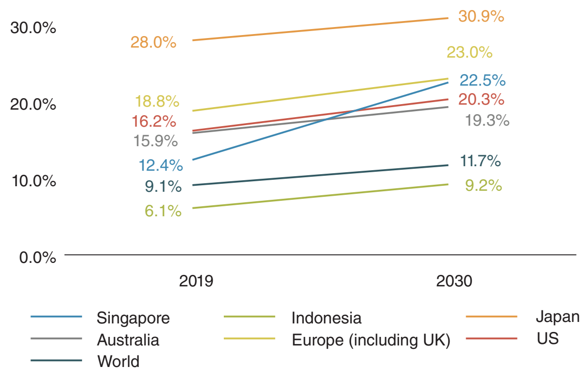
Continue to Pivot to Ride Megatrends

Across the relevant geographical areas of Singapore, Indonesia, Japan, Australia, UK, Europe and the US, there is a common trend of an expected increase in the number of people aged 65 years or over, between 2019 and 2030. In particular, Indonesia's population aged 65 years or older is expected to increase by more than 10 million between 2019 and 2030 with Singapore, Japan, Australia, Europe (including UK) and US having a percentage of population aged 65 years or older higher than the world average. Therefore, the nursing homes market in both Singapore and Japan are underpinned by Asia's megatrend of ageing population.

Population aged 65 years or over (millions)



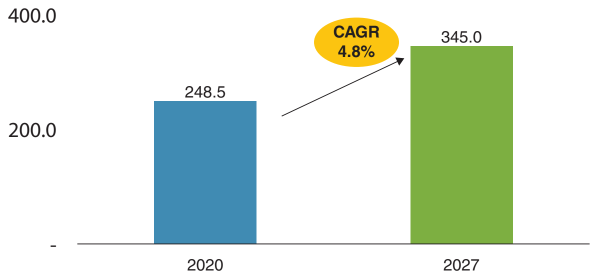
Percentage aged 65 years or over



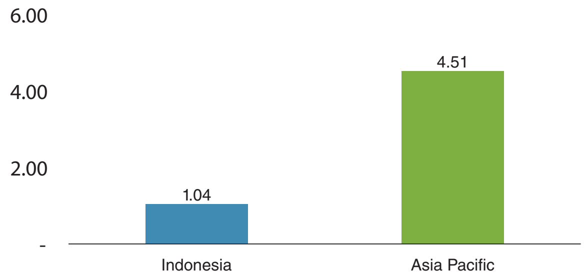
Source: United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Ageing 2019: Highlights (ST/ESA/SER.A/430)[1]

The global nursing care facilities is also expected to grow from US$248.5 billion in 2020 to US$345.0 billion in 2027, at a compounded annual growth rate of 4.8% per annum. Indonesia only has 1.04 hospital beds per 1,000 people, to service the population, which is 4 times lower than the Asia Pacific average of 4.5 beds per 1,000 people, making Indonesia an under-served healthcare market.

Global Nursing Care Facilities (US$ billions)[(1)]



Hospital beds per 1,000 people[(2)]



Sources:

(1) *"Nursing Care Facilities – Global Market Trajectory & Analytics" report (https://www.prnewswire.com/news-releases/global-nursing-care-facilities-industry-2020-to-2027---key-market-trends-and-drivers301301875.html)*[2]

(2) *World Bank Data, as at 2017, which is the latest available year for the relevant geographical areas*[3]

The issuance of the Bonds aligns with the Environmental, Social and Governance ("**ESG**") trend and First REIT's sustainability strategy.

1 United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Ageing 2019: Highlights (ST/ESA/SER.A/430) has not provided its consent to the inclusion of the information, and is therefore not liable for such information. Neither the First REIT Manager nor the First REIT Trustee has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

2 "*Nursing Care Facilities – Global Market Trajectory & Analytics*" *report* has not provided its consent to the inclusion of the information, and is therefore not liable for such information. Neither the First REIT Manager nor the First REIT Trustee has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

3 *World Bank Data* has not provided its consent to the inclusion of the information, and is therefore not liable for such information. Neither the First REIT Manager nor the First REIT Trustee has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

The First REIT Portfolio

As at the Latest Practicable Date, First REIT's portfolio comprises 31 properties, 16 of which are located in Indonesia, three in Singapore and 12 in Japan:

- In Indonesia, its healthcare properties are operated by Siloam. The Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado are operated by The Aryaduta Hotel and Resort Group. The Lippo Plaza Kupang and Lippo Plaza Buton are managed by PT Lippo Malls Indonesia. These 16 properties in Indonesia refer to Siloam Hospitals Yogyakarta, Siloam Hospitals Buton & Lippo Plaza Buton, Siloam Hospitals Labuan Bajo, Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Sriwijaya, Siloam Hospitals Purwakarta, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, and Imperial Aryaduta Hotel & Country Club.

- In Japan, the nursing homes are professionally operated by local Japanese operators that provide daily services, medical consultation services, leisure and entertainment programmes as well as nursing care, including special meal preparation, provision of functional training and toilet and bathing assistance:

  - Hikari Heights Varus Ishiyama, Hikari Heights Varus Tsukisamu-Koen, Hikari Heights Varus Fujino, Hikari Heights Varus Kotoni, Hikari Heights Varus Makomanai-Koen, Varus Cuore Yamanote and Varus Cuore Sapporo-Kita & Varus Cuore Sapporo-Kita Annex are operated Hikari Heights Varus Co., Ltd.

  - Elysion Gakuenmae and Elysion Mamigaoka & Elysion Mamigaoka Annex are operated by Safety Life Co., Ltd.

  - Orchard Amanohashidate, Orchard Kaichi North and Orchard Kaichi West are operated by Orchard Care Co., Ltd.

- In Singapore, the nursing homes at Bukit Merah and Bukit Panjang are operated by Pacific Healthcare Nursing Home Pte. Ltd. and Pacific Eldercare and Nursing Pte. Ltd., respectively. The Lentor Residence is operated by The Lentor Residence Pte. Ltd..

Under the Master Lease Agreements, the Indonesia Properties and Singapore Properties (save for The Lentor Residence where First REIT is responsible for the payment of property taxes) are based on the triple-net lease concept, where the respective Master Lessees will bear the costs of maintenance and operating expenses relating to the properties, including but not limited to maintenance, certain taxes and insurance during the term of each of the Master Lease Agreements. Neither First REIT nor the First REIT Manager is involved in the management or operation of any Property.

The nature of the Master Lease Agreements for the Japan Nursing Homes offers stability in tenancy and rental income for First REIT, with fixed rentals over the duration of the tenure and the possibility of negotiating a rental increase every two or three years upon negotiation (Please refer to the Japan Circular for further details on the Master Lease Agreements in relation to the Japan Nursing Homes).

The following table sets forth selected information in respect of the First REIT Portfolio as at the Latest Practicable Date:

	Indonesia Properties			
	Siloam Hospitals Yogyakarta	**Siloam Hospitals Buton & Lippo Plaza Buton**	**Siloam Hospitals Labuan Bajo**	**Siloam Hospitals Kupang & Lippo Plaza Kupang**
Asset Type	Hospital	Integrated Hospital & Mall	Hospital	Integrated Hospital & Mall
Land Area (sq m)	13,715	21,874	2,837	66,060
GFA (sq m)	12,474	21,934	7,604	55,368
Maximum number of Beds/Saleable Rooms	249 beds	140 beds	124 beds	416 beds
Year of Building Completion	2015	2016	2015	2014
Master Lessee(s)	LPKR and a wholly-owned subsidiary of Siloam	LPKR, a wholly-owned subsidiary of LPKR and a wholly-owned subsidiary of Siloam	LPKR and a wholly-owned subsidiary of Siloam	MPU, a wholly-owned subsidiary of MPU and a wholly-owned subsidiary of Siloam
Lease Commencement Date	1 January 2021	Siloam Hospitals Buton: 1 January 2021 Lippo Plaza Buton: 10 October 2017	1 January 2021	Siloam Hospitals Kupang: 1 January 2021 Lippo Plaza Kupang: 14 December 2015
Lease Terms	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035	Siloam Hospitals Buton: 31 December 2035 Lippo Plaza Buton: 9 October 2032	31 December 2035	Siloam Hospitals Kupang: 31 December 2035 Lippo Plaza Kupang: 13 December 2030

	Indonesia Properties			
	Siloam Sriwijaya	**Siloam Hospitals Purwakarta**	**Siloam Hospitals Bali**	**Siloam Hospitals TB Simatupang**
Asset Type	Hospital	Hospital	Hospital	Hospital
Land Area (sq m)	–	7,990	9,025	2,489
GFA (sq m)	15,709	8,254	20,958	18,605
Maximum number of Beds/Saleable Rooms	357 beds	235 beds	281 beds	269 beds
Year of Building Completion	2012	2005 & 2008	2012	2013
Master Lessee(s)	MPU and a wholly-owned subsidiary of Siloam	MPU and a wholly-owned subsidiary of Siloam	LPKR and Siloam	LPKR and Siloam
Lease Commencement Date	1 January 2021	1 January 2021	1 January 2021	1 January 2021
Lease Terms	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years
Lease Expiry Date	31 December 2035	31 December 2035	31 December 2035	31 December 2035

	Indonesia Properties			
	Siloam Hospitals Manado & Hotel Aryaduta Manado	**Siloam Hospitals Makassar**	**Mochtar Riady Comprehensive Cancer Centre**	**Siloam Hospitals Lippo Cikarang**
Asset Type	Integrated Hospital & Mall	Hospital	Hospital	Hospital
Land Area (sq m)	5,518	3,963	4,145	9,900
GFA (sq m)	36,051	14,307	37,933	13,256
Maximum number of Beds/Saleable Rooms	238 beds/199 rooms	362 beds	334 beds	164 beds
Year of Building Completion	2011	2012	2010	2002
Master Lessee(s)	LPKR and Siloam	LPKR and Siloam	LPKR and Siloam	A subsidiary of Siloam
Lease Commencement Date	18 May 2021	1 January 2021	1 January 2021	31 December 2010
Lease Terms	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years
Lease Expiry Date	Siloam Hospitals Manado: 31 December 2035 Hotel Aryaduta Manado: 29 November 2027	31 December 2035	31 December 2035	30 December 2025

	Indonesia Properties			
	Siloam Hospitals Lippo Village	**Siloam Hospitals Kebon Jeruk**	**Siloam Hospitals Surabaya**	**Imperial Aryaduta Hotel & Country Club**
Asset Type	Hospital	Hospital	Hospital	Hotel & Country Club
Land Area (sq m)	17,442	11,420	4,306	54,410
GFA (sq m)	32,696	20,268	9,065	17,926
Maximum number of Beds/Saleable Rooms	308 beds	285 beds	162 beds	191 beds
Year of Building Completion	1995	1991	1977	1994
Master Lessee(s)	LPKR and Siloam	LPKR and Siloam	LPKR and Siloam	LPKR
Lease Commencement Date	1 January 2021	1 January 2021	1 January 2021	11 December 2021
Lease Terms	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years	Option to renew for 1 year
Lease Expiry Date	31 December 2035	31 December 2035	31 December 2035	31 December 2022

	Singapore Properties		
	Pacific Healthcare Nursing Home @ Bukit Merah	**Pacific Healthcare Nursing Home II @ Bukit Panjang**	**The Lentor Residence**
Asset Type	Nursing Home	Nursing Home	Nursing Home
Land Area (sq m)	1,984	2,000	2,486
GFA (sq m)	3,593	3,563	4,005
Maximum number of Beds/Saleable Rooms	259 beds	265 beds	208 beds
Year of Building Completion	2004	2006	1999 & 2013 (new extension building)
Master Lessee(s)	Pacific Healthcare Nursing Home Pte. Ltd.	Pacific Eldercare and Nursing Pte. Ltd.	The Lentor Residence Pte. Ltd.
Lease Commencement Date	11 April 2007	11 April 2007	8 June 2007
Lease Terms	10 years with option to renew for 10 years (Tenant has exercised the option)	10 years with option to renew for 10 years (Tenant has exercised the option)	10 years with option to renew for 10 years (Tenant has exercised the option)
Lease Expiry Date	10 April 2027	10 April 2027	7 June 2027

	Japan Properties			
	Hikari Heights Varus Ishiyama	**Hikari Heights Varus Tsukisamu-Koen**	**Hikari Heights Varus Fujino**	**Hikari Heights Varus Kotoni**
Agreed Purchase Price (JPY 'mn)	839	641	1,574	6,209
Agreed Purchase Price (S$ 'mn)(1)	10.1	7.7	18.9	74.5
Asset Type	Nursing Home	Nursing Home	Nursing Home	Nursing Home
Land Area (sq m)	4,413	2,249	7,230	11,033
GFA (sq m)	8,747	4,362	9,782	20,756
Maximum number of Beds/Saleable Rooms	117 rooms	58 rooms	139 rooms	281 rooms
Year of Building Completion	1986	1990	1994	2004
Master Lessee(s)	Hikari Heights Varus Co., Ltd	Hikari Heights Varus Co., Ltd	Hikari Heights Varus Co., Ltd	Hikari Heights Varus Co., Ltd
Lease Commencement Date	25 April 2013	25 April 2013	25 April 2013	25 April 2013
Lease Terms	30 years	30 years	30 years	30 years
Lease Expiry Date	24 April 2043	24 April 2043	24 April 2043	24 April 2043

	Japan Properties			
	Hikari Heights Varus Makomanai-Koen	**Varus Cuore Yamanote**	**Varus Cuore Sapporo-Kita & Varus Cuore Sapporo-Kita Annex**	**Elysion Gakuenmae**
Agreed Purchase Price (JPY 'mn)	4,475	1,007	2,847	1,610
Agreed Purchase Price (S$ 'mn)(1)	53.7	12.1	34.2	19.3
Asset Type	Nursing Home	Nursing Home	Nursing Home	Nursing Home
Land Area (sq m)	6,653	1,668	5,269	1,898
GFA (sq m)	13,301	2,808	7,637	3,790
Maximum number of Beds/Saleable Rooms	161 rooms	59 rooms	216 rooms	92 rooms
Year of Building Completion	2006	2005	Varus Cuore Sapporo-Kita: 2007 Varus Cuore Sapporo-Kita Annex: 2014	2010
Master Lessee(s)	Hikari Heights Varus Co., Ltd	Hikari Heights Varus Co., Ltd	Hikari Heights Varus Co., Ltd	Safety Life Co., Ltd
Lease Commencement Date	25 April 2013	25 April 2013	Varus Cuore Sapporo-Kita: 25 April 2013 Varus Cuore Sapporo-Kita Annex: 30 September 2014	25 April 2013
Lease Terms	30 years	30 years	30 years	30 years
Lease Expiry Date	24 April 2043	24 April 2043	24 April 2043	24 April 2043

	Japan Properties			
	Elysion Mamigaoka & Elysion Mamigaoka Annex	**Orchard Amanohashidate**	**Orchard Kaichi North**	**Orchard Kaichi West**
Agreed Purchase Price (JPY 'mn)	2,370	933	1,303	405
Agreed Purchase Price (S$ 'mn)(1)	28.4	11.2	15.6	4.9
Asset Type	Nursing Home	Nursing Home	Nursing Home	Nursing Home
Land Area (sq m)	6,997	2,694	2,833	797
GFA (sq m)	10,259	2,927	5,058	1,561
Maximum number of Beds/Saleable Rooms	160 rooms	60 rooms	79 rooms	29 rooms
Year of Building Completion	Elysion Mamigaoka: 1993 Elysion Mamigaoka Annex: 1992	1985	1988	1996
Master Lessee(s)	Safety Life Co., Ltd	Orchard Care Co., Ltd	Orchard Care Co., Ltd	Orchard Care Co., Ltd
Lease Commencement Date	25 April 2013	25 April 2013	25 April 2013	25 April 2013
Lease Terms	30 years	30 years	30 years	30 years
Lease Expiry Date	24 April 2043	24 April 2043	24 April 2043	24 April 2043

Note:

(1) Based on the closing exchange rates for JPY:SGD of 83.33 as at 31 December 2021.

Collectively, these 31 properties have a valuation as at the Latest Practicable Date[1] of about S$1,253.0 million[2], with a total GFA of approximately 444,558 sq m, which are 100% master-leased to multiple parties, ensuring diversification of the First REIT's portfolio. The land tenure by value would comprise 89% freehold properties and 11% leasehold properties[3].

No.	Properties	Appointed Valuers(1)	Valuation Rp.(2) (in 'bn)	Valuation S$ (in 'mn)	% of Portfolio Value(3)
Indonesia (as at 31 December 2021)					
1	Siloam Hospitals Yogyakarta	C&W	222.6	21.1	1.7%
2	Siloam Hospitals Buton & Lippo Plaza Buton(4)	KJPP W&R	–	25.7	2.1%
3	Siloam Hospitals Labuan Bajo	KJPP W&R	126.3	12.0	1.0%
4	Siloam Hospitals Kupang & Lippo Plaza Kupang(5)	KJPP W&R	–	54.0	4.3%
5	Siloam Sriwijaya	C&W	268.7	25.5	2.0%
6	Siloam Hospitals Purwakarta	C&W	253.0	24.0	1.9%
7	Siloam Hospitals Bali	C&W	698.8	66.4	5.3%
8	Siloam Hospitals TB Simatupang	C&W	465.0	44.2	3.5%
9	Siloam Hospitals Manado & Hotel Aryaduta Manado(6)	C&W	–	79.6	6.4%
10	Siloam Hospital Makassar	C&W	732.2	69.6	5.6%
11	Mochtar Riady Comprehensive Cancer Centre	C&W	1,406.8	133.6	10.7%
12	Siloam Hospitals Lippo Cikarang	C&W	–	49.8	4.0%
13	Siloam Hospitals Lippo Village	C&W	1,818.8	172.8	13.8%
14	Siloam Hospitals Kebon Jeruk	C&W	818.8	77.8	6.2%
15	Siloam Hospitals Surabaya	C&W	430.2	40.9	3.3%
16	Imperial Aryaduta Hotel & Country Club	KJPP W&R	–	32.2	2.6%
	Indonesia Portfolio Subtotal		**–**	**929.2**	**74.2%**(7)

1 The valuation of the Japan Nursing Homes are as at 29 October 2021 and is the average of the two valuations by Cushman & Wakefield K.K, the independent valuer commissioned by the First REIT Trustee for the Japan Acquisitions and CBRE K.K, the independent valuer commissioned by the First REIT Manager for the Japan Acquisitions. Please refer to the Japan Acquisition Announcement and the Japan Completion Announcement for further details.

2 Based on First REIT's portfolio valuation of S$962.4 million as at 31 December 2021 and including the asset values of the Japan Nursing Homes (based on the Agreed Purchase Price of the Japan Nursing Homes and the closing exchange rates for JPY:SGD of 83.33 as at 31 December 2021) on a *pro forma* basis as at 31 December 2021.

3 The two types of property titles in Indonesia are Freehold/HGB and Leasehold/BOT, which includes Strata Title on BOT and Normal Title on BOT.

No.	Properties	Appointed Valuers(1)	Valuation		% of Portfolio Value(3)
			Rp.(2) (in 'bn)	S$ (in 'mn)	
Singapore (as at 31 December 2021)					
17	Pacific Healthcare Nursing Home @ Bukit Merah	C&W	–	8.8	0.7%
18	Pacific Healthcare Nursing Home II @ Bukit Panjang	C&W	–	9.2	0.7%
19	The Lentor Residence	C&W	–	15.2	1.2%
	Singapore Portfolio Subtotal			**33.2**	**2.6%(8)**
No.	**Properties**	**Appointed Valuers(1)**	**Agreed Purchase Price**		**% of Portfolio Value(3)**
			JPY (in 'mn)	**S$ (in 'mn)**	
Japan (as at 31 December 2021)(7)					
20	Hikari Heights Varus Ishiyama	–	24,213(8)	290.6(7)	23.2%
21	Hikari Heights Varus Tsukisamu-Koen				
22	Hikari Heights Varus Fujino				
23	Hikari Heights Varus Kotoni				
24	Hikari Heights Varus Makomanai-Koen				
25	Varus Cuore Yamanote				
26	Varus Cuore Sapporo-Kita & Varus Cuore Sapporo-Kita Annex				
27	Elysion Gakuenmae				
28	Elysion Mamigaoka & Elysion Mamigaoka Annex				
29	Orchard Amanohashidate				
30	Orchard Kaichi North				
31	Orchard Kaichi West				
	Japan Portfolio Subtotal		**24,213**	**290.6**	**23.2%**
	Total Portfolio Value		**–**	**1,253.0**	**100.0%**

Notes: Any discrepancies in the totals are due to rounding.

(1) The appointed valuers include Cushman & Wakefield VHS Pte. Ltd. in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan ("**C&W**"), and KJPP Willson dan Rekan in association with Knight Frank ("**KJPP W&R**").

(2) The LPKR Hospitals and the MPU Hospitals are valued in Indonesian Rupiah and have been converted to Singapore dollars based on the exchange rate of S$1 = Rp.10,526.31 as at 31 December 2021, where relevant.

(3) Value as a percentage of total portfolio value.

(4) Siloam Hospitals Buton is valued at Rp.136.2 billion, reflecting S$12.9 million while Lippo Plaza Buton is valued at S$12.8 million. The aggregate market value of the Siloam Hospitals Buton & Lippo Plaza Buton is therefore S$25.7 million.

(5) Siloam Hospitals Kupang is valued at Rp.234.5 billion, reflecting S$22.3 million while Lippo Plaza Kupang is valued at S$31.7 million. The aggregate market value of the Siloam Hospitals Kupang & Lippo Plaza Kupang is therefore S$54.0 million.

(6) Siloam Hospitals Manado is valued at Rp.446.5 billion, reflecting S$42.4 million while Hotel Aryaduta Manado is valued at S$37.2 million. The aggregate market value of the Siloam Hospitals Manado & Hotel Aryaduta Manado is therefore S$79.6 million.

(7) Based on First REIT's portfolio valuation of S$962.4 million as at 31 December 2021 prior to the Japan Acquisitions, the Indonesia Portfolio Subtotal would make up 96.6% of the total portfolio valuation then.

(8) Based on First REIT's portfolio valuation of S$962.4 million as at 31 December 2021 prior to the Japan Acquisitions, the Singapore Portfolio Subtotal would make up 3.4% of the total portfolio valuation then.

(9) Based on the asset values of the Japan Nursing Homes on a *pro forma* basis and the closing exchange rates for JPY:SGD of 83.33 as at 31 December 2021.

(10) In connection with the Japan Acquisitions, the First REIT Trustee had commissioned an independent valuer, CWKK, and the First REIT Manager had commissioned an independent valuer, CBRE, to respectively value each of the Japan Nursing Homes. The Agreed Purchase Price for the Japan Nursing Homes, which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by CWKK and CBRE, is JPY24,213 million and is a discount of 2.9% to the aggregate of the averages of the two independent valuations of each Japan Nursing Homes of JPY24,926 million as at 29 October 2021 (reflecting S$299.1 million as at 31 December 2021 based on the closing exchange rates for JPY:SGD of 83.33 as at 31 December 2021). Please refer to the Japan Acquisition Announcement and the Japan Completion Announcement for further details.

Siloam Hospitals Yogyakarta

Siloam Hospitals Yogyakarta ("**SHYG**"), which is located at Jalan Laksda Adi Sucipto No. 32 – 34, Yogyakarta, comprises a 10-storey building (including one basement and one mezzanine level), which was originally built in 2005, erected on land with a total land area of 13,715 sq m. It has a shared multi-storey vehicle parking area on the upper levels totalling 752 and 875 car and motorcycle lots, respectively, and a helipad on the roof.

SHYG has a GFA of 12,474 sq m with a maximum capacity of 249 beds and commenced operations under the 'Siloam Hospitals' brand in July 2017 with Centres of Excellence for Neuroscience and Cardiology. Physical construction and redevelopment works for SHYG were completed in 2015.

Siloam Hospitals Buton & Lippo Plaza Buton

Siloam Hospitals Buton ("**SHBN**"), which is located at Jl. Sultan Hasanuddin no. 54 and 58, Bau Bau, Southeast Sulawesi, Indonesia, comprises a custom built three-storey hospital with a maximum capacity of 140 beds that commenced operations in April 2016 and ancillary healthcare-related space. SHBN has a total GFA of 10,796 sq m. SHBN is a Centre of Excellence for Emergency & Trauma.

Lippo Plaza Buton ("**LPB**"), which is located at Jl. Sultan Hasanuddin no. 50 and 52, Bau Bau, Southeast Sulawesi, Indonesia, is a stand-alone single storey retail mall which commenced operations in December 2015. LPB has a total GFA of 11,138 sq m. LPB provides amenities to the visitors of SHBN. In addition, SHBN is directly linked and integrated with LPB.

Siloam Hospitals Labuan Bajo

Siloam Hospitals Labuan Bajo ("**SHLB**"), which is located at Jl. Gabriel Gampur, RT.013/RW.005, Dusun V – Desa/Kelurahan Gorontalo – Kecamatan Komodo Kabupaten Manggarai Barat, comprises a custom built three-storey hospital with a maximum capacity of 124 beds that commenced operations in mid-January 2016. SHLB has a total GFA of 7,604 sq m. SHLB is a Centre of Excellence for Emergency Medicine, Internal Medicine and Neuroscience. Some of the medical facilities available at SHLB include emergency rooms, operating theatres, delivery rooms, outpatient clinics, inpatient services, isolation rooms, intensive care unit, neonatal intensive care unit, X-ray machines, ultrasonography and 3-dimension echocardiography.

Siloam Hospitals Kupang & Lippo Plaza Kupang

Siloam Hospitals Kupang ("**SHKP**"), which is located at Jalan Veteran No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia, comprises a four-storey hospital building with one basement floor with a GFA of 21,593 sq m. It has a maximum capacity of 416 beds and 133 vehicle parking spaces. SHKP was completed in November 2014 and commenced operations under the 'Siloam Hospitals' brand on 20 December 2014. It is a Centre of Excellence for Emergency & Trauma, Obstetrics, Gynaecology and Paediatrics, while the various specialties offered include Internal Medicine, Anaesthesiology, Cardiology, Obstetrics & Gynaecology, Neurology and General Surgery. Lippo Plaza Kupang ("**LPK**"), which is located at Jalan Veteran No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia, is a three-storey shopping mall with a rooftop on which a cinema and a car park are located, with a GFA of 33,775 sq m. LPK was completed in December 2014 and commenced operations in March 2015.

Siloam Sriwijaya

Siloam Sriwijaya is a strata-titled seven-storey hospital building which was completed in 2012. It has a maximum capacity of 357 beds. Siloam Sriwijaya is part of the Palembang Square Extension, which is an integrated development which comprises a shopping mall, a hospital and 800 vehicle parking lots. Siloam Sriwijaya is currently operating under the 'Siloam Hospitals' brand. Siloam Sriwijaya has a GFA of about 15,709 sq m. The hospital is equipped with state-of-the-art medical equipment. Siloam Sriwijaya is also a Centre of Excellence for Emergency & Trauma and Gastroenterology.

Siloam Hospitals Purwakarta

Siloam Hospitals Purwakarta comprises a three-storey hospital building and a five-storey hospital building adjoining each other. It has a maximum capacity of 235 beds. The three-storey and five-storey hospital buildings were completed in 2005 and 2008 respectively. Siloam Hospitals Purwakarta has a total GFA of about 8,254 sq m and is located at Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia. It is equipped with state-of-the-art medical equipment and is a Centre of Excellence for Emergency & Trauma.

Siloam Hospitals Bali

Siloam Hospitals Bali, located at Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia, commenced operations on 17 December 2012. Siloam Hospitals Bali has an operational capacity of 281 beds, with integrated shops for related use. Siloam Hospitals Bali is located on Jalan Sunset Road which connects to the Kuta Area and Denpasar City, one of the fastest growing areas in Bali. Notable developments in the vicinity of Siloam Hospitals Bali include Carrefour, Bali Galeria Shopping Mall and Ngurah Rai International Airport. Siloam Hospitals Bali is a Centre of Excellence for Cardiology, Emergency & Trauma and Orthopaedics.

Siloam Hospitals TB Simatupang

Siloam Hospitals TB Simatupang, a 16-storey hospital with two basement levels, commenced operations on 15 April 2013. Siloam Hospitals TB Simatupang has an operational capacity of 269 beds. Siloam Hospitals TB Simatupang, located close to the Fatmawati toll gate on Jakarta Outer Ring Road which connects the inner-city toll road with Bintaro and Serpong areas and which is near to the middle to upper class residential area of Pondok Indah and Cinere, is highly accessible via public and private transportation. Notable developments in the vicinity of Siloam Hospitals TB Simatupang include Metropolitan Tower Office Building, Poins Square and the South Quarter (a mixed-use development comprising integrated office towers, apartment and retail facilities). Siloam Hospitals TB Simatupang is a Centre of Excellence for Cardiology, Emergency & Trauma, Neuroscience and Oncology.

Siloam Hospitals Manado & Hotel Aryaduta Manado

Siloam Hospitals Manado & Hotel Aryaduta Manado, located at Jalan Sam Ratulangi No. 22, Komplek Boulevard Center and at Jalan Piere Tendean No. 1, Manado, North Sulawesi, Indonesia, Republic of Indonesia, is an 11-storey mixed-use development with a basement level, comprising Siloam Hospitals Manado & Hotel Aryaduta Manado which sit on common land titles and share a common lobby (with separate entrances). Siloam Hospitals Manado is a four-level hospital which commenced operations on 1 June 2012 with a maximum operational capacity of 238 beds. Hotel Aryaduta Manado is a nine-level five-star hotel with 199 guest rooms, which commenced operations on 1 January 2011.

Siloam Hospitals Manado & Hotel Aryaduta Manado is situated on the east side of Jalan Piere Tendean and on the west side of Jalan Sam Ratulangi, both of which are primary roads in the city centre that are lined with office buildings, shopping centres, shop houses and hotels. It covers a total GFA of 36,051 sq m, of which 11,476 sq m is occupied by Siloam Hospitals Manado and 23,430 sq m is occupied by Hotel Aryaduta Manado and 1,145 sq m of shared machinery and equipment space.

Siloam Hospitals Manado is a Centre of Excellence for Emergency & Trauma. The hospital is fully equipped with the latest medical equipment and facilities, including CT, MRI, Ultrasound, cardiac catheterisation lab, 50 specialist clinic suites and three operating theatres.

Siloam Hospitals Manado is a tourist-friendly hospital that caters to multiple classes of patients, comprising local residents from all socio-economic classes, corporate patients, and tourists. In order to enhance Siloam Hospitals Manado's image as a modern international hospital, Hotel Aryaduta Manado provides a full range of food and beverages catering to the patients and accommodation for family members as well as to tourists visiting Manado. Hotel Aryaduta Manado is integrated with Siloam Hospitals Manado and is well positioned to benefit from shared services and healthcare tourism, given its location. It provides convenient accommodation for out-of-town inpatients, outpatients and day-surgery patients, as well as their families.

Siloam Hospital Makassar

Siloam Hospitals Makassar is located at Jalan Metro Tanjung Bunga Kav 3 – 5, Makassar City, South Sulawesi, Indonesia. Siloam Hospitals Makassar is a seven-storey hospital which commenced operations on 9 September 2012 with a maximum operational capacity of 362 beds. Siloam Hospitals Makassar is located on the west side of Jalan Metro Tanjung Bunga in Tanjung Bunga, an integrated township development consisting of residential and commercial development.

Notable developments in the vicinity of Siloam Hospitals Makassar include Hotel Aryaduta Makassar, Tanjung Bunga Marketing Office, Celebas Convention Center, Trans Makassar Mall and Losari Beach. Siloam Hospitals Makassar is equipped with state-of-the-art facilities, including CT, MRI, Ultrasound, Mammography and cardiac catheterisation system, 58 specialist outpatient clinic suites and three operating theatres. Siloam Hospitals Makassar is a Centre of Excellence for Cardiology, Emergency & Trauma and Endocrinology.

Mochtar Riady Comprehensive Cancer Centre

Mochtar Riady Comprehensive Cancer Centre is Indonesia's first private comprehensive cancer treatment centre with state-of-the-art equipment. Located near Plaza Semanggi, The Aryaduta Apartments and other international five-star hotels in Central Jakarta, the 29-storey, 334 beds Mochtar Riady Comprehensive Cancer Centre will serve the needs of international and Indonesian patients. It is a Centre of Excellence for Oncology, Gastroenterology and Emergency & Trauma.

Mochtar Riady Comprehensive Cancer Centre not only adopts a preventative focus through health screening, but is also the first facility in Indonesia to offer break-through technologies that are at the forefront of cancer treatment and cancer diagnostics globally. Among the other firsts for Mochtar Riady Comprehensive Cancer Centre are a palliative care & oncology wellness centre, high dose brachytherapy, radio-immunotherapy, radiopeptide therapy, molecular imaging with Positron Emission Tomography/Computed Tomography (PET/CT), and Single Photon Emission Computed Tomography/CT (SPECT/CT) scanning. It also provides chemotherapy, complementary therapy, Linear Accelerator treatment, Multi Slice CT, High field strength magnetic resonance imaging (MRI), angiography, inhouse clinical trials and integrated IT and Picture Archiving and Communication System/Radiology Information System (PACS/RIS).

Siloam Hospitals Lippo Cikarang

Siloam Hospitals Lippo Cikarang commenced operations in 2002 and has quickly built its reputation for providing international standards in medical care in the growing residential area east of Jakarta. Siloam Hospitals Lippo Cikarang has 164 beds and is supported by a team of specialist doctors and qualified nurses offering a broad range of general and specialist services, including an Accident & Emergency ("**A&E**") Department. Siloam Hospitals Lippo Cikarang is a Centre of Excellence for Emergency & Trauma, Internal Medicine and Urology.

In late 2007, an extracorporeal shock wave lithotripsy unit was commissioned to treat patients with kidney stones. Siloam Hospitals Lippo Cikarang is also well respected for its Pediatric Neonatal Intensive Care Unit, which treats premature babies and sick babies. The Jakarta-Cikampek toll road and Cikarang industrial areas have made Siloam Hospitals Lippo Cikarang an ideal hospital in providing Trauma services. Siloam Hospitals Lippo Cikarang is supported by a 24-hours A&E department and ambulance services with medical evacuation facilities, which includes daytime helicopter evacuation. Siloam Hospitals Lippo Cikarang also provides general surgery, orthopedic surgery, neurology surgery, plastic surgery, urology surgery, thorax and cardiovascular surgery.

Siloam Hospitals Lippo Village

With Centres of Excellence for Cardiology, Emergency & Trauma, Neuroscience and Orthopaedics, Siloam Hospitals Lippo Village offers a comprehensive range of cardiology services from preventive measures to complicated open-heart surgery. Conveniently located in the first private sector township of Lippo Village, Siloam Hospitals Lippo Village is situated 25 kilometres from Jakarta's Soekarno-Hatta International Airport. The hospital is close to the west of the Karawaci Toll Gate on the Jakarta-Merak toll road, which connects Jakarta, the capital and business centre of Indonesia, to the industrial city of Merak.

In November 2007, Siloam Hospitals Lippo Village became the first Indonesia hospital to attain the United States-based Joint Commission International accreditation – the world's leading internationally recognised hospital accreditation award – putting it in the same league as other leading hospitals in the region. The hospital occupies a land area of 17,442 sq m and has a GFA of 32,696 sq m.

Siloam Hospitals Kebon Jeruk

With Centres of Excellence for Cardiology, Emergency & Trauma, Orthopaedics and Urology, Siloam Hospitals Kebon Jeruk is known for its authority in the diagnosis and treatment of disorders of the urinary tract or urogenital system. The hospital also offers prevention, medical treatment and rehabilitation services for musculoskeletal system diseases including bone, hinge, muscle, nerve/tendon, ligament and backup net/structure.

With its location about 6.0 km west of Jakarta Central, Siloam Hospitals Kebon Jeruk serves a large catchment of middle to upper income residents in the West Jakarta area. The hospital received Indonesian Hospital Accreditation from the Ministry of Health in 2002. The hospital occupies a land area of 11,420 sq m and has a GFA of 20,268 sq m. The hospital was accredited with the prestigious United States-based Joint Commission International accreditation in August 2016.

Siloam Hospitals Surabaya

Located in the central area of Indonesia's second largest city – Surabaya, Siloam Hospitals Surabaya enjoys a large catchment area of potential patients, given the relatively lower number of higher quality hospitals in the region. Siloam Hospitals Surabaya is a Centre of Excellence for Cardiology, Emergency & Trauma with a maximum bed capacity of 162 beds. The hospital occupies a land area of 4,306 sq m and has a GFA of 9,065 sq m.

Imperial Aryaduta Hotel & Country Club

One of the very few hotels with linked country clubs in Jakarta, the 191-room five-star Imperial Aryaduta Hotel & Country Club comes complete with a wide range of sports, recreational, convention, and food and beverage services. Located next to Siloam Hospitals Lippo Village, Imperial Aryaduta Hotel & Country Club provides accommodation for out-of-town inpatients, outpatients and day-surgery patients as well as their families. The hotel also attracts business travellers as it is located near the business and industrial areas of Cilegon. The property occupies a land area of 54,410 sq m and has a GFA of 17,926 sq m.

Pacific Healthcare Nursing Home @ Bukit Merah

Pacific Healthcare Nursing Home @ Bukit Merah, located close to Bukit Merah New Town and the Redhill MRT Station, as well as the City Centre, is a four-storey custom-built nursing home with 259 beds, a basement car park and a roof terrace.

Managed by Pacific Healthcare Nursing Home Pte. Ltd., the nursing home has a land area of 1,984 sq m and has a GFA of 3,593 sq m. Lease tenure for the land is for a period of 30 years with effect from 22 April 2002.

Pacific Healthcare Nursing Home II @ Bukit Panjang

Pacific Healthcare Nursing Home II @ Bukit Panjang is a five-storey custom-built nursing home with 265 beds and 33 car park lots. It is situated close to Bukit Panjang Town Centre, Bukit Panjang MRT Station and the Senja LRT Station, and is 18.0 km away from the City Centre.

Managed by Pacific Eldercare and Nursing Pte. Ltd., it has a land area of 2,000 sq m and a GFA of 3,563 sq m. Lease tenure for the land is for a period of 30 years with effect from 14 May 2003.

The Lentor Residence

The Lentor Residence is a five-storey custom-built nursing home situated at Lentor Avenue, and is managed by The Lentor Residence Pte. Ltd.. Included as part of the health and medical care of the Master Plan Zoning (2019 Edition), the 208-bed nursing home occupies a land area of 2,486 sq m and has a GFA of 4,005 sq m.

The asset enhancement of an additional storey and a five-storey extension building was completed in February 2013. Lease tenure for the land is for a period of 99 years with effect from 20 August 1938.

Hikari Heights Varus Ishiyama

The 9-storey property is easily accessible via bus from Makomanai Station on the Sapporo City Subway Nanboku Line. The 117-room nursing home can house a maximum of 149 residents. A large proportion of its residents has stayed in the home for more than 15 years.

Hikari Heights Varus Tsukisamu-Koen

Located in a suburban area on the fringe of Sapporo city centre, Hikari Heights Varus Tsukisamu-Koen has been in operation since 1990 and more than half of its residents have resided there for more than 15 years. The 10-storey nursing home has 58 rooms that can accommodate a maximum occupancy of 73 residents.

Hikari Heights Varus Fujino

Located in the residential Minami area of Sapporo, which is about an hour's drive from the city centre, the 13-storey rental nursing home has 139 rooms that can accommodate up to 187.

Hikari Heights Varus Kotoni

Hikari Heights Varus Kotoni is located in a residential area approximately 20 minutes from Sapporo city centre and a short walk from the Kotoni Station on the JR Hakodate Main Line. The 14-storey nursing home comprises 281 one and two bedded rooms with a maximum occupancy of 364 residents.

Hikari Heights Varus Makomanai-Koen

The 10-storey nursing home is located in a residential area just outside Sapporo city centre. It houses 161 one- and two-bedded rooms with a maximum occupancy of 196 residents.

Varus Cuore Yamanote

Located in a residential area not far from Sapporo city centre, the 4-storey nursing facility has been in operation since 2005. It houses 59 one and two bedded rooms with a maximum capacity of 60 residents. With easy accessibility to JR Kotoni Station on the Sapporo City Subway Tozai Line, the home has enjoyed a high occupancy rate with a waiting list of new residents.

Varus Cuore Sapporo-Kita & Varus Cuore Sapporo-Annex

Located to the northwest of Yurigahara Station on the JR Gakuentoshi Line, the nursing facility consists of two buildings: 5-storey Varus Cuore Sapporo-Kita with 126 rooms, and 3-storey Varus Cuore Sapporo-Kita Annex with 90 rooms. The two buildings can accommodate a total of 222 residents. The property is well-staffed with nurses and counsellors and is in a location that allows easy access to clinics and hospitals.

Elysion Gakuenmae

Located in a residential area in Nara, Elysion Gakuenmae is easily accessible by bus from Gakken Nara-Tomigaoka Station and with easy access to the highway leading to Nara's city centre. The 5-storey nursing facility has 92 fully furnished rooms as well as a variety of community spaces, healthcare rooms and lounges. A large hypermart and a nearby hospital also add to the location appeal of this property.

Elysion Mamigaoka & Elysion Mamigaoka Annex

Elysion Mamigaoka & Elysion Mamigaoka Annex are located in a residential area in Kitakatsuragi, Nara and is the only facility in the area. It consists of a 5-storey and a 4-storey building easily accessible by bus from Goido Station on the Kintetsu Osaka Line. Its 160 fully-furnished one and two bedded rooms can accommodate up to 165 residents.

Orchard Amanohashidate

Orchard Amanohashidate is a lovely nursing facility located next to the famous and scenic Amanohashidate coastline. It comprises a 3-storey nursing home with 60 rooms and a 2-storey daycare service centre. Located six minutes by bus from Amanohashidate Station on the Kyoto Tango Railway Miyatoyo Line, the nursing facility is within walking distance to parks and facilities such as a shopping centre, train station, hospital and city office.

Orchard Kaichi North

Located in the residential area of Matsumoto Nagano, a short distance from Japan's historic Matsumoto Castle and a 15-minute walk from JR Kitamatsumoto Station, the 4-storey nursing home houses 79 rooms with a maximum capacity of 85 residents. The nursing home includes communal facilities such as a cafeteria, shared bath, consultation room, activity space and event hall.

Orchard Kaichi West

Located next to Orchard Kaichi North in the residential area of Matsumoto Nagano, Orchard Kaichi West has a total of 29 rooms for residents. The nursing home includes communal facilities such as a cafeteria, shared bath, consultation room, activity space and an event hall.

Environmental Matters and Compliance

First REIT's operations are subject to regulatory requirements and potential liabilities arising under applicable environmental laws and regulations. The First REIT Manager believes it is in compliance in all material respects with applicable environmental regulations in Indonesia, Singapore and Japan in which it operates. The First REIT Manager is not aware of any environmental proceedings or investigations to which it is, or might become, a party.

Legal Proceedings

Neither the First REIT Trustee nor the First REIT Manager is party to any litigation, arbitration or administrative proceedings which First REIT believes would, individually or taken as a whole, have a material adverse effect on its business, financial condition or results of operations, and, so far as it is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

MANAGEMENT AND CORPORATE GOVERNANCE OF FIRST REIT

The First REIT Manager

The members of the Board of Directors of the First REIT Manager are set out below:

Name	Position
Mr. Christopher James Williams	Chairman and Non-Executive Non-Independent Director
Mr. Tan Kok Mian Victor	Executive Director and Chief Executive Officer
Mr. Chan Pengee Adrian	Lead Independent Director
Mr. Ferris Charles Bye	Independent Director
Mr. Tan Chuan Lye	Independent Director
Mr. Martin Lechner	Independent Director
Ms. Minny Riady	Non-Independent Non-Executive Director

The profiles of the Board of Directors of the First REIT Manager are set out below:

Mr. Christopher James Williams, Chairman and Non-Executive Non-Independent Director

Mr. Christopher James Williams is the Chairman and Non-Independent Non-Executive Director of the Board of the First REIT Manager.

Mr. Williams is a founding partner of Howse Williams, Hong Kong, which he co-founded in 2012 as an independent Hong Kong law firm. Mr. Williams was responsible in particular for establishing the non-contentious area of the practice. Howse Williams has subsequently grown to become one of the leading independent law firms in Hong Kong.

Prior to co-founding Howse Williams, Mr. Williams was from 1994 a partner in Richard Butler, an international law firm which merged with the US law firm Reed Smith in 2008 and was throughout this period based in Hong Kong.

Mr. Williams was appointed as non-executive non-independent director of OUE on 19 July 2006 and became its deputy chairman with effect from 9 March 2010. He has also been a director of OUB Centre Limited since 28 January 2014.

Mr. Williams specialises in corporate finance, mergers and acquisitions, direct investment and corporate restructurings and reorganisations. He also advises on corporate governance and compliance. His practice encompasses Hong Kong and the Asia Pacific region, particularly Indonesia and Singapore. He has been named in the *Guide to the World's Leading Mergers and Acquisitions Lawyers*, published by Euromoney Publications PLC, and the *International Who's Who of Merger and Acquisition Lawyers*, published by Law Business Research, as one of the world's top mergers and acquisitions lawyers.

Mr. Williams qualified as a solicitor in England and Wales in 1986 and was admitted as a solicitor in Hong Kong in 1991. He holds a Bachelor of Arts (Honours) in International Relations and Economics from the University of Reading, United Kingdom.

Mr. Tan Kok Mian Victor, Executive Director and Chief Executive Officer

Mr. Tan Kok Mian Victor is an Executive Director and Chief Executive Officer of the Board of the First REIT Manager.

Mr. Tan joined the First REIT Manager as senior finance manager in April 2008 and was responsible for the financial operations of the First REIT Manager. He was appointed as chief financial officer of the First REIT Manager in July 2008.

Prior to joining the First REIT Manager, Mr. Tan was with Parkway Holdings Limited ("**Parkway**") as an accountant in 1997. He was promoted to the position of group accountant and subsequently to financial controller. His scope of work in Parkway included supervising the preparation of the financial accounts and handling accounting matters for the holding company as well as some of the subsidiary companies within Parkway group. During his tenure, he also assisted Parkway's chief financial officer in the preparation of the consolidated accounts for the Parkway group.

Mr. Tan graduated in 1997 with the professional qualification from the Association of Chartered Certified Accountants ("**ACCA**"). He is a Chartered Accountant of the Institute of Singapore Chartered Accountants and a fellow member of ACCA.

Mr. Chan Pengee Adrian, Lead Independent Director

Mr. Chan Pengee Adrian is the Lead Independent Director of the Board of the First REIT Manager. He serves as the Chairman of the Nominating & Remuneration Committee and a member of the Audit and Risk committee of the First REIT Manager (the "**Audit and Risk Committee**").

Mr. Chan is head of the Corporate Department and a senior partner at the law firm, Lee & Lee. He is the vice-chairman of the Singapore Institute of Directors, a member of the Legal Service Commission and the council member of the Law Society of Singapore. He also serves on the Catalist Advisory Panel of the Singapore Exchange Limited and as honorary secretary of Association of Small & Medium Enterprises.

Mr. Chan is an independent director of Food Empire Holdings Limited, Ascendas Funds Management (S) Limited (the manager of Ascendas REIT), Hong Fok Corporation Limited and Best World International Limited, all of which are listed on SGX-ST.

Mr. Chan is a member of Singapore Management University's Enterprise Board. He co-chairs the Corporate Governance and Regulations Interest Group of the Singapore International Chamber of Commerce and sits on the board of Shared Services For Charities Limited, which is a registered charity and an Institution of a Public Character. He currently lectures on Corporate Governance for the Singapore Institute of Legal Education and the Bar Admissions and Examinations.

Mr. Chan holds a Bachelor of Laws (Honours) from the National University of Singapore.

Mr. Ferris Charles Bye, Independent Director

Mr. Ferris Charles Bye is the Independent Director of the Board of the First REIT Manager. He also serves as the Chairman of the Audit and Risk Committee of the First REIT Manager.

Mr. Bye currently advises several investment holding companies. Prior to this, he was managing director of a private equity investment company for a period of 14 years.

Before his private equity experience, Mr. Bye served as director in international stockbroker companies for a period of 12 years. The stock markets covered by the companies included Hong Kong, Shanghai, Shenzhen, Singapore, Malaysia, Thailand and Indonesia.

He was, until recently, a member of the general committee of Hong Kong Country Club for 8 years. This included one year as chair of the committee.

Mr. Bye qualified as a chartered accountant in 1978.

Mr. Tan Chuan Lye, Independent Director

Mr. Tan Chuan Lye is the Independent Director of the Board of the First REIT Manager. He also serves as a member of the Audit and Risk Committee and the Nominating & Remuneration Committee of the First REIT Manager.

Mr. Tan is an Adjunct Associate Professor with the NUS Business School, National University of Singapore. He is a member of the Asia Pacific Advisory Board of EFG Bank AG, an independent director of Isetan (Singapore) Limited and Heeton Holdings Limited, an independent director of Sompo Insurance Singapore Pte. Ltd., audit committee member of A*Star and Integrated Health Information System Pte Ltd and non-executive director of All Saints Home.

Mr. Tan retired as a partner with risk consulting in KPMG Advisory LLP ("**KPMG**") where his areas of focus included corporate governance, enterprise risk management, and internal audit. Prior to KPMG, he spent more than 20 years with various international banks where he held senior management positions in internal audit and operational risk management including as a regional head.

Mr. Tan graduated from the Henley Management College/University of Reading with Master of Business Administration. He is a non-practising fellow member of the Institute of Singapore Chartered Accountants, a fellow member of The Association of Chartered Certified Accountants (UK) and an associate member of The Chartered Institute of Management Accountants (UK).

Mr. Martin Lechner, Independent Director

Mr. Martin Lechner is the Independent Director of the Board of the First REIT Manager. He serves as a member of the Audit and Risk Committee of the First REIT Manager.

Mr. Lechner is the founding partner and chief investment officer of Corecam Pte. Ltd., a family office asset management company. Prior to founding Corecam Pte. Ltd., Mr. Lechner was founding partner and chairman of the board of directors of Proprietary Partners AG, a long/short equity hedge fund with focus on Germany and Switzerland.

Mr. Lechner started his career at Dresdner Kleinwort Benson in the global markets division as a proprietary trader for USD and local currency emerging market bonds.

Mr. Lechner is an executive director of Corecam Pte. Ltd. and holds non-executive director position in Corecam Capital Partners Pte. Ltd. and Pluvia Pte. Ltd.

Mr. Lechner graduated from the University of Passau, Germany with Master Diploma in Business Administration and holds an Executive Master of Business Administration (Spot Program) from INSEAD, France.

Ms. Minny Riady, Non-Independent Non-Executive Director

Ms. Minny Riady is the Non-Independent Non-Executive Director of the Board of the First REIT Manager. She also serves as a member of Nominating & Remuneration Committee of the First REIT Manager.

Ms. Riady is the director and general manager of Lippo Realty (Shanghai) Limited. She is a member of foundation trustees of Pelita Harapan Education foundation and Pelita Harapan International Education Foundation.

Ms. Riady was the treasury director of Lippo Group and Pelita Harapan Education Foundation.

Ms. Riady holds a Bachelor of Business Administration from Fu Jen Catholic University, Taiwan.

Management Team of the First REIT Manager

The members of the management team of the First REIT Manager are set out below:

Name	Position
Ms. Ng Chwee Ngor, Valerie	Chief Financial Officer
Mr. Chan Seng Leong, Jacky	Senior Vice President, Asset & Investment Management

Ms. Ng Chwee Ngor, Valerie, Chief Financial Officer

Ms. Ng Chwee Ngor, Valerie joined the First REIT Manager in September 2008 as Senior Finance Manager and was responsible for financial matters of First REIT and the First REIT Manager. She was the Financial Controller from January 2014 and was appointed Chief Financial Officer in February 2018, overseeing all matters relating to financial reporting, taxation, capital management, treasury and risk management.

Prior to joining the First REIT Manager, Ms. Ng worked at Parkway from 2001 to 2008. She joined them as Assistant Group Accountant and was subsequently promoted to Finance Manager. She assisted the Financial Controller in the preparation of the consolidated accounts for Parkway Group and was responsible for the preparation of the financial accounts and treasury functions of the holding company and subsidiaries. At Osprey Maritime Limited, she held the position of Group Accountant and supported the financial controllers for financial reporting of the Group and was responsible for the financial matters of the subsidiaries.

Ms. Ng graduated with professional qualifications from the ACCA. She is a Chartered Accountant of the Institute of Singapore Chartered Accountants and a fellow member of ACCA.

Mr. Chan Seng Leong, Jacky, Senior Vice President, Asset & Investment Management

Mr. Chan Seng Leong, Jacky graduated from the National University of Singapore in 1993 with a Bachelor of Science (Estate Management) (2nd Class Upper Honours) degree and subsequently in 1999 with a Master of Science (Real Estate) degree. In 2002, he obtained a Master in Business Administration degree from the University of Western Australia, Graduate School of Management, Perth, majoring in finance, and was awarded the Director's Letter for scoring full distinctions in the course. Being a member of the Singapore Institute of Surveyors and Valuers as well as a Licensed Appraiser (Lands & Buildings), Mr. Chan has extensive real estate and property experience in Singapore, Hong Kong and the People's Republic of China.

From 1993 to 1998, his work responsibilities involved, among others, property valuations, property sales and marketing, property consulting, real estate research and feasibility studies. In 1998, he joined Chesterton International Property Consultants Pte Ltd as Assistant Manager (Valuations) and was subsequently promoted in rank and file to Executive Director (Valuations & Investment Advisory) where he performed valuations totalling more than S$1 billion worth of real estate in Singapore and regionally, and advised in real estate transactions worth more than S$600 million in total. His scope of responsibilities then included managing and advising real estate transactions, providing real estate market advisory and real estate financial advice, as well as managing key clients' accounts for strategic real estate services. Prior to joining the First REIT Manager, Mr. Chan was with Ascendas-MGM Funds Management Ltd since early 2005 as the Investment Manager for Ascendas Real Estate Investment Trust. As Investment Manager, he was involved in spearheading multimillion dollar real estate acquisitions, structuring property investment and development deals (such as sale and leaseback, built-to suit and partial headlease), conducting property due diligence, as well as the planning and implementation of leasing and asset enhancement strategies to improve efficiency.

Roles and Responsibilities of the First REIT Manager

The First REIT Manager has general powers of management over the assets of First REIT. The First REIT Manager's main responsibility is to manage the assets and liabilities of First REIT in the best interests of the Unitholders.

The primary role of the First REIT Manager is to set the strategic direction of First REIT and make recommendations to the First REIT Trustee on the acquisition, divestment or enhancement of assets of First REIT in accordance with its stated investment strategy. The research, analysis and evaluation required for this purpose are co-ordinated and carried out by the First REIT Manager. The First REIT Manager is also responsible for the risk management of First REIT.

Other functions and responsibilities of the First REIT Manager include:

- using its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with or on behalf of First REIT at arm's length and on normal commercial terms;

- preparing property plans on a regular basis which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanation of major variances to previous forecasts, written commentary on key issues and any other relevant assumptions. The purpose of these plans is to explain the performance of First REIT's properties;

- ensuring compliance with the applicable provisions of the SFA and all other relevant legislations, the Listing Manual, the CIS Code including the Property Funds Appendix, the First REIT Manager's obligations under the First REIT Trust Deed, FRS, any tax ruling and all relevant contracts; and

- attending to all regular communications with the Unitholders.

The First REIT Manager may require the First REIT Trustee to borrow on behalf of First REIT (upon such terms and conditions as the First REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property (as defined in the First REIT Trust Deed)) whenever the First REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable First REIT to meet any liabilities or to finance the acquisition of any property. However, the First REIT Manager must not direct the First REIT Trustee to incur a borrowing if doing so would result in First REIT's total borrowings and deferred payments exceeding the aggregate leverage limit set out in the Property Funds Appendix at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units).

The Property Funds Appendix allows a real estate investment trust to borrow up to 45.0% of the value of the deposited property[1] at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units). A real estate investment trust is permitted to borrow above than 45.0%, and up to 50.0%, of the value of its deposited property only if the real estate investment trust has a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings.

In the absence of fraud, gross negligence, wilful default or breach of the First REIT Trust Deed by the First REIT Manager, the First REIT Manager shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the First REIT Trust Deed. In addition, the First REIT Manager shall be entitled, for the

[1] Under the Property Funds Appendix, "**deposited property**" means the value of the property fund's total assets based on the latest valuation.

purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as the First REIT Manager, to have recourse to the Deposited Property (as defined in the First REIT Trust Deed) or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the First REIT Trust Deed by the First REIT Manager. The First REIT Manager may, in managing First REIT and in carrying out and performing its duties and obligations under the First REIT Trust Deed, with the written consent of the First REIT Trustee, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the First REIT Trust Deed, provided always that the First REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

The First REIT Manager's Management Fees

The First REIT Manager is entitled to the following management fees:

(a) a base fee not exceeding the rate of 0.4% per annum of the value of the Deposited Property (as defined in the First REIT Trust Deed); and

(b) a performance fee fixed at 5.0% per annum (or such lower percentage as may be determined by the First REIT Manager in its absolute discretion) of the Net Property Income (as defined in the First REIT Trust Deed) of First REIT or (as the case may be) the Net Property Income of the relevant Special Purpose Vehicles (as defined in the First REIT Trust Deed) for each financial year.

The management fees will be paid in the form of cash and/or Units (as the First REIT Manager may elect). The management fees payable in Units will be issued at the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined in the First REIT Trust Deed) immediately preceding the relevant Business Day.

The base fee component of the First REIT Manager's management fees is payable quarterly in arrears. The performance fee component of the First REIT Manager's management fees will be paid on an annual basis in arrears, subsequent to the applicable financial year.

The First REIT Manager is also entitled to receive an acquisition fee at the rate of 1.0% (or such lower percentage as may be determined by the First REIT Manager in its absolute discretion) of the acquisition price and a divestment fee of 0.5% (or such lower percentage as may be determined by the First REIT Manager in its absolute discretion) of the sale price on all acquisitions or disposals of properties, respectively.

Retirement or Removal of the First REIT Manager

The First REIT Manager shall have the power to retire in favour of a corporation approved by the First REIT Trustee to act as the manager of First REIT.

In addition, the First REIT Manager may be removed by notice given in writing by the First REIT Trustee if:

- the First REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the First REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the First REIT Manager;

- the First REIT Manager ceases to carry on business;

- the First REIT Manager fails or neglects after reasonable notice from the First REIT Trustee to carry out or satisfy any material obligation imposed on the First REIT Manager by the First REIT Trust Deed;

- if the Unitholders by an Ordinary Resolution (as defined in the First REIT Trust Deed) duly proposed and passed by Unitholders present and voting at a meeting of Unitholders convened in accordance with the First REIT Trust Deed, with no Unitholder (including the First REIT Manager and its related parties) being disenfranchised, vote to remove the First REIT Manager;

- for good and sufficient reason, the First REIT Trustee is of the opinion, and so states in writing, that a change of the First REIT Manager is desirable in the interests of the Unitholders; or

- the MAS directs the First REIT Trustee to remove the First REIT Manager.

Where the First REIT Manager is removed on the basis that a change of the First REIT Manager is desirable in the interests of the Unitholders, the First REIT Manager has a right under the First REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the First REIT Manager, the First REIT Trustee and all Unitholders.

Related Party Transactions[1]

As a REIT, First REIT is regulated by the Property Funds Appendix and the Listing Manual. The Property Funds Appendix regulates, among other things, transactions entered into by the First REIT Trustee (for and on behalf of First REIT) with an interested party relating to the Issuer's acquisition of assets from or sale of assets to an interested party, First REIT's investment in securities of or issued by an interested party and the engagement of an interested party as property management agent or marketing agent for the First REIT portfolio properties.

Depending on the materiality of transactions entered into by First REIT for the acquisition of assets from, the sale of assets to or the investment in securities of or issued by, an interested party, the Property Funds Appendix may require that an immediate announcement to the SGX-ST be made, and may also require that the approval of Unitholders be obtained.

The First REIT Trust Deed requires the First REIT Trustee and the First REIT Manager to comply with the provisions of the Listing Manual relating to interested person transactions as may be prescribed by the SGX-ST to apply to REITs.

The First REIT Manager may at any time in the future seek a general mandate from Unitholders for recurrent transactions as part of its day-to-day operations.

Both the Property Funds Appendix and the Listing Manual are required to be complied with in respect of a proposed transaction which is *prima facie* governed by both sets of rules. In such circumstances, the First REIT Trustee is required to ensure that such transactions are conducted in accordance with applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

The First REIT Manager is not prohibited by either the Property Funds Appendix or the Listing Manual from contracting or entering into any financial, banking or any other type of transaction with the First REIT Trustee (when acting other than in its capacity as trustee of First REIT) or from being interested in any such transaction, provided that such transaction shall be on normal commercial terms and is not prejudicial to the First REIT Trustee or to the Unitholders.

1 "Related Party Transactions" refers to an interested person transaction under Chapter 9 of the Listing Manual and/or, as the case may be, an "interested party transaction" under the Property Funds Appendix.

INFORMATION ON THE GUARANTOR

1. OVERVIEW OF CGIF

1.1. Establishment

CGIF, a trust fund of the Asian Development Bank, was established by the 10 members of the Association of Southeast Asian Nations ("**ASEAN**") together with the People's Republic of China ("**PRC**"), Japan, Republic of Korea (the "**ASEAN+3**") and the Asian Development Bank in 2010. The 10 members of ASEAN consist of Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic ("**Lao PDR**"), Malaysia, Republic of the Union Myanmar, Philippines, Singapore, Thailand and Vietnam.

CGIF was established in November 2010 to promote economic development, stability and resilience of financial markets in the ASEAN+3 region (the "**Region**"). The main function of CGIF is to provide credit guarantees for local currency denominated bonds issued in the Region by corporations in the Region.

1.2. Shareholding Structure

CGIF's guarantees are backed by US$1,145.1 million of paid-in capital from its sovereign government contributors and the Asian Development Bank. Neither the Asian Development Bank nor the other contributors are liable for the obligations of CGIF.

CGIF Shareholding Structure as at 1 March 2022

CGIF Contributors	**Contribution (U.S. dollars)**	**Shareholding Percentage (%)**
PRC	342,800,000	29.94
Japan (JBIC)	342,800,000	29.94
Asian Development Bank	180,000,000	15.72
Republic of Korea	171,400,000	14.97
Indonesia	18,600,000	1.62
Malaysia	17,600,000	1.54
Philippines	21,600,000	1.89
Singapore	21,600,000	1.89
Thailand	20,727,389	1.81
Brunei Darussalam	5,600,000	0.49
Vietnam	1,900,000	0.17
Cambodia	200,000	0.02
Lao PDR	200,000	0.02
Republic of the Union Myanmar	100,000	0.01
Total	**1,145,127,389**	**100.00**

1.2.1. *Governance Structure*

CGIF has a governance structure comprising of oversight by the: (i) Meeting of Contributors; (ii) Board of Directors; and (iii) Board Committees (Internal Control and Risk Management, Nomination and Remuneration and Audit).

The Board of Directors is comprised of eight Contributor-appointed members, including the Chief Executive Officer. Each of the PRC and Japan are entitled to nominate two Directors. The Republic of Korea is entitled to nominate one Director. One nomination each is entitled for the Asian Development Bank, and the ASEAN countries representing Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

The Board of Directors is accountable and reports to the Contributors on the operations and performance of management and of CGIF.

Board of Directors	**Members Represented**
Mr. Yuchuan Feng	PRC
Ms. Jiandi Ye	PRC
Mr. Noriyasu Matsuda (Chairman)	Japan
Ms. Mina Kajiyama	Japan
Mr. Taebum Kim	Korea
Mr. Mark Dennis Joven	ASEAN – Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam
Mr. Stefan Hruschka	Asian Development Bank
Ms. Guiying Sun	CGIF Management

CGIF is led by an internationally recruited management team with experience in development banking, risk management, and credit assessment through senior positions in the Export-Import Bank of China, Asian Development Bank, Mitsubishi UFJ Financial Group, Bank of the Philippines Islands, Danajamin Nasional Berhad, Hong Leong Bank Berhad, Standard Chartered Bank, Citibank and Société Générale.

The executive decision-making powers of CGIF, and the day-to-day management of CGIF, are mandated and vested to the Chief Executive Officer. The Chief Executive Officer is recommended by the Board of Directors and approved by the Meeting of Contributors. She is the legal representative of CGIF. The Chief Executive Officer heads the management team currently comprising the Deputy Chief Executive Officer/Chief Risk Officer, Chief Credit-risk Officer, Vice President Operations, Chief Financial Officer, General Counsel & Board Secretary, Corporate Planner and Head of Budget, Planning, Personnel and Management Systems and Internal Auditor.

Name	**Position**
Ms. Guiying Sun	Chief Executive Officer
Mr. Mitsuhiro Yamawaki	Deputy Chief Executive Officer/Chief Risk Officer

Name	Position
Mr. Aarne Dimanlig	Chief Credit-risk Officer
Mr. Anuj Awasthi	Vice President Operations
Mr. Dong Woo Rhee	Chief Financial Officer
Mr. Gene Soon Park	General Counsel & Board Secretary
Mr. Hou Hock Lim	Corporate Planner and Head of Budget, Planning, Personnel and Management Systems
Ms. Jackie Jeong-Ae Bang	Internal Auditor

1.2.2. *Credit Strength*

CGIF is rated by international and domestic credit rating agencies.

Credit Rating Agency	Scale	Rating	Outlook	Date Reviewed
Standard & Poor's	Global Long Term/ Short Term	AA/A-1+	Stable	24 February 2022
RAM Ratings	Global/ ASEAN/ National	gAAA/ seaAAA/ AAA	Stable	21 January 2022
TRIS Ratings	National	AAA	Stable	28 October 2021
Fitch Ratings Indonesia	National	AAA	Stable	28 May 2021
Pefindo Credit Rating Agency	National	idAAA	Stable	29 July 2021

1.3. Guarantee Business

CGIF's guarantee portfolio is limited to a leverage ratio of 2.5 times of its paid in capital of US$1,145.1 million as at 1 March 2022, plus (a) retained earnings, plus (b) reserves, less (c) net credit loss reserves, less (d) foreign exchange loss reserves, less (e) all illiquid assets. CGIF conducts its guarantee operations by adhering to its risk management framework consisting of: (i) credit guarantee process; (ii) credit guarantee portfolio management; (iii) risk reporting; and (iv) safeguards standards, among others.

1.3.1. *Guarantee Portfolio*

As of 11 March 2022, CGIF has provided guarantees to the following corporate issuers in the ASEAN region:

Issue Date	Issuer	Note Issuance Venue	Issue Size(1)	% Guaranteed by CGIF	Issue Rating	Tenor
4 March 2022	PT Polytama Propindo	Indonesia	Indonesia Rupiah 110.25 billion**	100%	AAA (Pefindo)	3 years
4 March 2022	PT Polytama Propindo	Indonesia	Indonesia Rupiah 110.25 billion**	100%	AAA (Pefindo)	5 years
1 December 2021	JWD InfoLogistics Public Company Limited	Thailand	Thai Baht 1.2 billion	100%	AAA (Fitch)	9 years
11 November 2021	Thaifoods Group Public Company Limited	Thailand	Thai Bhat 1 billion	100%	AAA (TRIS)	5 years
8 September 2021	PT Polytama Propindo	Indonesia	Indonesia Rupiah 96.5 billion	100%	AAA (Pefindo)	3 years
8 September 2021	PT Polytama Propindo	Indonesia	Indonesia Rupiah 223 billion	100%	AAA (Pefindo)	5 years
8 September 2021	PT Polytama Propindo	Indonesia	Indonesia Rupiah 104 billion**	100%	AAA (Pefindo)	3 years
8 September 2021	PT Polytama Propindo	Indonesia	Indonesia Rupiah 56 billion**	100%	AAA (Pefindo)	5 years
1 September 2021	Hanwha Q Cells Malaysia Sdn. Bhd.	Malaysia	Malaysian Ringgit 150 million	100%	AAA (RAM)	3 years
25 August 2021	Telcotech Ltd.	Cambodia	Cambodian Riel 80 billion	100%	Unrated	5 years
19 April 2021	Hanwha Solutions Corporation	Singapore	Offshore Renminbi (CNH) 1.0 billion	100%	AA (S&P)	3 years
5 March 2021	JWD InfoLogistics Public Company Limited	Thailand	Thai Baht 700 million	100%	AAA (Fitch)	5 years
8 January 2021	PT Ketrosden Triasmitra	Indonesia	Indonesia Rupiah 415 billion	100%	AAA (Pefindo)	3 years
8 January 2021	PT Ketrosden Triasmitra	Indonesia	Indonesia Rupiah 168 billion	100%	AAA (Pefindo)	5 years
24 December 2020	GLP Pte. Ltd.	Japan	Japanese Yen 15.4 billion	100%	AA (S&P)	9 years
23 April 2020	PRASAC Microfinance Institution PLC	Cambodia	Cambodian Riel 127.2 billion	100%	Unrated	3 years

Issue Date	Issuer	Note Issuance Venue	Issue Size[(1)]	% Guaranteed by CGIF	Issue Rating	Tenor
9 April 2020	RMA (Cambodia) PLC	Cambodia	Cambodian Riel 80 billion	100%	Unrated	5 years
10 January 2020	Energy Absolute Public Company Ltd.	Thailand	Thai Baht 3.0 billion	50% risk participation with ADB	A (Tris Rating)	7 years
8 January 2020	Thaifoods Group Public Company Limited	Thailand	Thai Baht 2.0 billion	100%	AAA (Tris Rating)	5 years
31 December 2019	GELEX Group Joint Stock Company	Vietnam	Vietnamese Dong 1.15 trillion	100%	Unrated	10 years
24 December 2019	Hong Phong 1 Energy JSC	Vietnam	Vietnamese Dong 400 billion	100%	Unrated	5 years
24 December 2019	Hong Phong 1 Energy JSC	Vietnam	Vietnamese Dong 2.15 trillion	100%	Unrated	15 years
3 December 2019	Nexus International School (Singapore) Pte. Ltd.	Singapore	Singapore Dollar 150 million	100%	AA (S&P)	12 year
25 March 2019	CJ Logistics Asia Pte. Ltd.	Singapore	S$70 million	100%	AA	5 years
28 January 2019	Refrigeration Electrical Engineering Corporation	Vietnam	VND2.318 trillion	100%	Unrated	10 years
25 January 2019	Yoma Strategic Holdings Limited	Thailand	THB2.220 billion	100%	AAA	5 years
17 December 2018	Boonthavorn Ceramic 2000 Co., Ltd.	Thailand	THB2.0 billion	50%	AA+	5 years
7 December 2018	Siamgas and Petrochemicals Public Company Limited	Thailand	THB2.0 billion	70%	A (Tris Rating)	5 years
16 November 2018	Aeon Credit Service (Philippines) Inc.	Philippines	PHP100 million	100%	Unrated	5 years
5 October 2018	Hoan My Medical Corporation	Vietnam	VND1.4 trillion	100%	Unrated	7 years
5 October 2018	Hoan My Medical Corporation	Vietnam	VND930 billion	100%	Unrated	5 years
10 September 2018	The PAN Group Joint Stock Company	Vietnam	VND1.135 trillion	100%	Unrated	5 years
28 February 2018	Siamgas and Petrochemicals Public Company Limited	Thailand	THB2.0 billion	85%	A (Tris Rating)	5 years
10 January 2018	ASA Philippines Foundation, Inc.	Philippines	PHP500 million	75%	Unrated	5 years

Issue Date	Issuer	Note Issuance Venue	Issue Size[(1)]	% Guaranteed by CGIF	Issue Rating	Tenor
17 November 2017	Mobile World Investment Corporation	Vietnam	VND1.135 trillion	100%	Unrated	5 years
28 June 2017	ASA Philippines Foundation, Inc.	Philippines	PHP500 million	75%	Unrated	5 years
18 November 2016	KNM Group Berhad	Thailand	THB2.78 billion	100%	AAA (Tris Rating)	5 years
7 July 2016	Fullerton Healthcare Corporation Limited	Singapore	S$50 million	100%	AA (S&P)	7 years
18 February 2016	Vingroup Joint Stock Company	Vietnam	Vietnamese Dong 1.05 trillion	100%	Unrated	10 years
7 October 2015	IVL Singapore Pte. Ltd, a subsidiary of Indorama Ventures Public Company Limited	Singapore	Singapore Dollar 195 million	100%	AA (S&P)	10 years
5 December 2014	Masan Consumer Holdings Company Limited	Vietnam	Vietnamese Dong 2.1 trillion	100%	Unrated	10 years
27 November 2014	Protelindo Finance BV*	Singapore	Singapore Dollar 180 million	100%	AA (S&P)	10 years

Notes:

(1) IDR refers to Indonesian Rupiah, PHP refers to Philippine Peso, S$ refers to Singapore dollars, THD refers to Thai Baht, and VND to Vietnamese Dong.

(2) *Change of issuer of the bonds from Protelindo Finance B.V. to PT Professional Telekomunikasi Indonesia effective 03 August 2016.

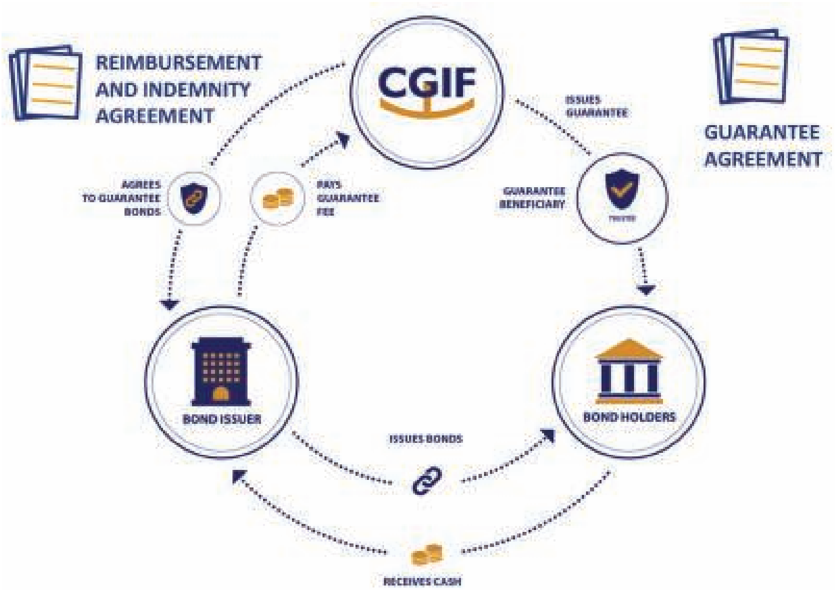
(3) ** Refers to ijarah sukuk issuances.

1.3.2. *Guarantee Structure*

CGIF's bond guarantee operation is aimed at supporting ASEAN+3 corporations to access the Region's bond markets to achieve the following benefits:

- expand and diversify their sources of debt capital;
- raise funds in matching currencies and tenors;
- transcend country sovereign ceilings for cross-border transactions; and
- gain familiarity in new bond markets and broader investor groups.

The guarantees issued by CGIF are irrevocable and unconditional commitments to pay bondholders upon non-payment by the issuers throughout the tenor of the bonds. This commitment is backed by CGIF's equity capital which has been fully paid-in by all of its contributors. CGIF's general bond guarantee structure is illustrated below.



* To ensure applicability of the guarantee in multiple jurisdictions in the ASEAN+3 countries, some variations to this structure may be incorporated to accommodate the established market norms.

Bond issuances that can be considered for CGIF guarantees are limited to the following parameters:

- up to US$229 million equivalent for a single issuance;
- bond tenor of up to 10 years (up to 15 years is possible, subject to credit quality and justification); and
- for foreign currency denominated issuance, the currency of issuance should be adequately hedged with the corporate entity's sales receipts, inward foreign currency remittances, or via financial hedge arrangements.

CGIF started its guarantee operations with a full guarantee for standard corporate bonds issued by corporations in the Region. With the experience gained from offering a full wrap guarantee, CGIF may also explore other alternatives including partial guarantees and other risk sharing mechanisms depending on the market opportunities and acceptability of such an arrangement. CGIF also intends to guarantee project bonds to help develop them in the relevant markets in the Region.

1.4. Capital and Liquidity Guidelines

CGIF has investment strategies and liquidity guidelines for the management of its capital resources, where investments are focused on low-risk and highly liquid assets, such as government-related securities and/or highly rated securities which are internationally rated "A+" or higher for long-term instruments issued by government related entities of CGIF contributor countries, "AA-" or higher for those issued by others, and "A-1" or higher for short-term instruments. In order for CGIF to raise enough funds in a contingent case where a guarantee is called, CGIF also implemented the following:

(i) Quarterly Stress test, where CGIF's funding capability is tested by liquidating its investment portfolio in a stress environment

(ii) Quarterly Liquidity Gap reports, where monthly cash surplus from all projected cash in/out flows related to all CGIF operations and activities are checked

1.5. Selected Financial Information

A summary of the statement of financial position, income statement, and cash flows as of, and for each of the years ended 31 December 2019 and 2020 have been extracted from CGIF's financial statements for the years ended 31 December 2019 and 2020 and presented as follows:

Statement of Financial Position Summary

	As of 31 December	
	2019	**2020**
	(in thousands of U.S. dollars)	
Statement of Financial Position:		
Assets:		
Cash	3,740	3,460
Investments	1,176,212	1,270,349
Accrued interest income	7,192	7,563
Guarantee fee receivable, net	65,647	67,904
Other assets, net	2,276	2,383
Total assets	**1,255,067**	**1,351,659**
Liabilities and Member's equity:		
Guarantee liability	73,204	83,381
Other liabilities	3,431	3,767
Total liabilities	**76,635**	**87,148**
Member's equity:		
Capital stock (Paid-in capital)	1,077,600	1,102,200
Accumulated other comprehensive income: investment revaluation reserve	15,337	52,853
Reserves & retained earnings	85,495	109,548
Total member's equity	**1,178,432**	**1,264,511**
Total liabilities and members' equity	**1,255,067**	**1,351,659**

Statement of Net Income and Comprehensive Income Summary

	As of 31 December	
	2019	2020
	(in thousands of U.S. dollars)	
Statement of Net Income:		
Guarantee fees	12,947	17,392
Interest income	26,177	28,852
Miscellaneous income	2,760	3,355
Total revenue	41,884	49,599
Total expenses	19,287	25,852
Net operating income	22,597	23,747
(Loss) Gain from foreign exchange	565	216
Net income	23,162	23,963
Statement of Comprehensive Income:		
Net unrealised loss on investments measured at FVTOCI	25,878	37,516
Total comprehensive income	**49,040**	**61,479**

Statement of Cash Flow Summary

	As of 31 December	
	2019	2020
	(in thousands of U.S. dollars)	
Statement of Cash Flow:		
Net cash flows from operating activities	1,900	6,768
Net cash flows from investing activities	(223,432)	(31,480)
Net cash flows from financing activities	218,245	24,437
Effect of exchange rate changes on cash	(14)	(5)
Net movement in cash	(3,301)	(280)
Cash at beginning of period	7,041	3,740
Cash at end of period	**3,740**	**3,460**

1.6. Audited Financial Statements for the Years ended 31 December 2019 and 2020

CGIF's financial statements are prepared and presented in accordance with IFRS and audited by Deloitte. The Independent Auditors' Report and Financial Statements for the years ended 31 December 2019 and 2020 of CGIF are available at the following website page:

http://www.cgif-abmi.org/investors/financial-statements

All of the information on the Guarantor under this section has been provided by CGIF. Information in respect of the Issuer contained in this Offering Circular has not been verified by the Guarantor. None of the Guarantor, its management nor its employees take any responsibility, expressed or implied, for any information contained in this Offering Circular, other than the information contained in this section entitled "***Information on the Guarantor***". In addition, none of the foregoing parties has taken any steps to verify the accuracy of any of the information included in this Offering Circular, other than the information contained in this section entitled "***Information on the Guarantor***", and no representation or warranty, express or implied, is made by any such parties as to the accuracy or completeness of the information contained in this Offering Circular.

DESCRIPTION OF THE CGIF GUARANTEE

*The following contains summaries of certain key provisions of the CGIF Guarantee and related provisions of the Trust Deed. Such statements do not purport to be complete and are qualified in their entirety by reference to the CGIF Guarantee and the Trust Deed. Defined terms used in this section shall have the meanings given to them in the CGIF Guarantee, the Conditions and the Trust Deed. All references to a "**Condition**" are to a condition in the Terms and Conditions of the Bonds.*

(a) GUARANTEED AMOUNTS

Pursuant to the CGIF Guarantee, CGIF will irrevocably and unconditionally guarantee to the Trustee the full and punctual payment of each Guaranteed Amount.

For the purposes of the CGIF Guarantee, "**Guaranteed Amount**" means:

- any Principal Amount and any Scheduled Interest which is overdue and unpaid (whether in whole or in part) by the Issuer under the Conditions and the Trust Deed;
- any Additional Accrued Interest; and
- any Trustee Expenses,

in each case as defined in the CGIF Guarantee.

The Guaranteed Amount does not include, and the CGIF Guarantee will not cover, any amounts that become payable under the Bonds on an accelerated basis at the instigation, including, without limitation, as a result of the Issuer's voluntary redemption of the Bonds pursuant to Condition 6(b) (*Redemption and Purchase – Redemption for tax reasons*).

(b) MISSED PAYMENT EVENT

Subject to Clause 2.1 (*Guarantee*) of the CGIF Guarantee and Clause 3.2 (*Missed Payment Event*) and Clause 3.3 (*Acceleration*) of the Trust Deed, if a Missed Payment Event has occurred and is continuing, CGIF shall pay the Guaranteed Amount relating to the Missed Payment Event to the Guaranteed Party or to its order within thirty (30) calendar days of such Missed Payment Event.

If CGIF fails to make a payment in accordance with the preceding paragraph, CGIF will pay interest on the overdue Guaranteed Amount (other than any Trustee Expenses) for the period from (and including) the date the relevant Non-Payment Event occurred to (but excluding) the Guarantor Payment Date at the default rates specified in the CGIF Guarantee.

CGIF will pay interest on the overdue Trustee Expenses from the period from (and including) the date the relevant Non-Payment Event occurred to (but excluding) the Guarantor Payment Date at the rate of the Trustee's cost of funds, provided that the Trustee furnishes evidence as to its cost of funds to the reasonable satisfaction of CGIF.

Notwithstanding the above, following the receipt by CGIF of a Missed Payment Notice (as defined in the Trust Deed) in accordance the Trust Deed and at any time prior to the date on which a Guaranteed Amount is due for payment:

- if the Paying Agent subsequently receives payment in full or in part in respect of a Guaranteed Amount from a source other than CGIF, the Paying Agent shall as soon as reasonably practicable notify the Issuer, CGIF and the Trustee of such payment; and

- upon receipt of the notice referred to above, the obligation of CGIF to pay the Guaranteed Amount specified in the relevant Missed Payment Notice shall, in respect of any payment received in part by the Paying Agent, be reduced by the corresponding amount received by the Paying Agent or, in respect of any payment received in full by the Paying Agent, be terminated in respect of such payment due date.

(c) **GUARANTEED PARTY ACCELERATION**

Pursuant to the Trust Deed, the Trustee shall not be entitled to take an Acceleration Step (as defined in the Trust Deed) unless a Guaranteed Party Acceleration has occurred or with the prior written consent of the Guarantor and, in the event that any such Acceleration Step is taken in contravention of such provision, CGIF shall not be required to pay any amounts in respect of such Acceleration Step.

Upon the occurrence of a Guaranteed Party Acceleration and if the Guaranteed Amounts are not paid by the Issuer in accordance with the Conditions and the Trust Deed following such Guaranteed Party Acceleration, the Trustee may at its sole discretion and, if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the outstanding Bonds, or if so directed to do so by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction in all cases) deliver in accordance with the Trust Deed a Guaranteed Party Acceleration Notice (substantially in the form of Schedule 6 (*Form of Guaranteed Party Acceleration Notice*) to the Trust Deed) in respect of the aggregate of the unpaid Guaranteed Amounts and the Guarantor Default Interest Amount (if any) to be paid by CGIF in accordance with the CGIF Guarantee.

(d) **LIMITED RIGHTS OF ACCELERATION**

The Trustee's and the Bondholders' acceleration rights against the Issuer and CGIF are limited pursuant to the Trust Deed, as described under "***Guaranteed Party Acceleration***" above. In particular, potential investors should note that the Trustee and the Bondholders are not permitted to accelerate upon the occurrence of any of the Events of Default set out in Condition 9 (*Events of Default*).

(e) **CGIF'S OBLIGATIONS UNDER THE CGIF GUARANTEE ARE NOT IMPACTED BY ITS OR THE ISSUER'S INSOLVENCY OR WINDING-UP**

CGIF has agreed under the CGIF Guarantee that its obligations will not be affected by and shall remain in force notwithstanding by any act, omission or thing of any kind which, but for the relevant provision set out in the CGIF Guarantee would reduce, release or prejudice any of its obligations under the CGIF Guarantee including, among other things, in the event of any insolvency or similar proceedings affecting the Issuer or CGIF.

Investors should, however, note that the CGIF Guarantee is a secondary obligation only under English law, being the governing law of the CGIF Guarantee. In the event that the Issuer's obligations under the Bonds and/or the Trust Deed (being the primary obligations which are the subject of the CGIF Guarantee) cease to exist for any reason (for example, because they are held to be void for lack of capacity or illegality) the Trustee and the Bondholders may not be able to make a claim under the CGIF Guarantee for any Guaranteed Amount. See "***Risk Factors – The obligations of the Guarantor under the CGIF Guarantee are secondary obligations only***".

(f) **CGIF ACCELERATION EVENT**

At any time following the occurrence of a CGIF Acceleration Event, CGIF may at its discretion require the Issuer to redeem the Bonds in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to the date fixed for redemption on giving not less than seven nor more than 15 days' notice to the Issuer, the Trustee and the Paying Agent, following which the Issuer shall immediately, or if the Issuer fails to do so CGIF may, give notice to the Bondholders, the Trustee and the Paying Agent (which notice shall be irrevocable).

A "**CGIF Acceleration Event**" occurs if the Issuer or CGIF notifies the Trustee immediately before the giving of such notice that:

(a) an Issuer Event of Default has occurred; or

(b) a Missed Payment Event has occurred and is continuing and irrespective of whether or not CGIF has already paid any Guaranteed Amounts in respect of such Missed Payment Event; or

(c) any term or provision of the Terms and Conditions of the Bonds, the Trust Deed or the Agency Agreement has been amended, modified, varied, novated, supplemented, superseded, waived or terminated without the prior written consent of the Guarantor as required pursuant to the terms of the CGIF Guarantee, Trust Deed or the Agency Agreement, as the case may be,

and CGIF has delivered a CGIF Acceleration Notice (substantially in the form of Schedule 5 (*Form of CGIF Acceleration Notice*) to the Trust Deed) to the Trustee in accordance with the Trust Deed.

The CGIF Acceleration Notice will, among other things, contain a written confirmation that CGIF will pay all outstanding Guaranteed Amounts in respect of the Bonds on the date fixed for redemption.

(g) **REIMBURSEMENT AND INDEMNITY AGREEMENT**

The Issuer and the Guarantor have entered into a reimbursement and indemnity agreement (the "**Reimbursement and Indemnity Agreement**") which, among other things, specifies the payment of guarantee fees and other amounts in respect of the CGIF Guarantee and the basis on which amounts paid by the Guarantor under the CGIF Guarantee are to be reimbursed and indemnified by the Issuer.

The obligations of the Issuer under the Reimbursement and Indemnity Agreement are secured by, *inter alia*, a mortgage over certain of First REIT's Indonesia Properties, a pledge over the shares of the Singapore SPCs and Indonesia SPCs directly and indirectly holding such properties, a pledge of the bank accounts of such Indonesia SPCs, fiduciary securities over the receivables and insurance claims of such properties and a charge over the debt service reserve account with a specified minimum deposit.

(h) **RISK SHARING ARRANGEMENTS – STANDBY LETTER OF CREDIT**

On the date of issue of the Bonds, each of CIMB Bank Berhad, Singapore Branch, ING Bank N.V., Singapore Branch and Oversea-Chinese Banking Corporation Limited (in such capacity, the "**SBLC Banks**" and each, an "**SBLC Bank**") will issue an irrevocable standby letter of credit (each, an "**SBLC**" and together, the "**SBLCs**") in favour of the Guarantor. In the event the principal amount under the Bonds in respect of a Missed Payment Event (as defined in the Conditions) has been paid by CGIF, pursuant to the terms of the SBLCs, the Guarantor will have a right to demand payment from the SBLC Banks for an aggregate amount of up to S$[*amount equivalent to the lower of 10% of the principal amount of the Bonds and S$10,000,000*] on account of payments made by the Guarantor under the CGIF Guarantee in respect of the principal amount outstanding under the Bonds (but not in respect of any liability under the CGIF Guarantee for any coupon payment under the Bonds). For the avoidance of doubt, the SBLC is given for the benefit of CGIF only and not for the benefit of Bondholders, who have recourse only to the Issuer and CGIF under the terms of the Bonds and the CGIF Guarantee, respectively. None of the SBLC Banks are providing any form of credit support (including, without limitation, under the terms of the SBLC issued by it) for the obligations of either the Issuer (under the Bonds) or CGIF (under the CGIF Guarantee), and Bondholders do not therefore have any recourse against the SBLC Banks under the terms of the Bonds, the CGIF Guarantee, the SBLCs or any other transaction document relating to the issuance of the Bonds.

TAXATION

The following summary is based on tax laws of Singapore as in effect on the date of this Offering Circular, and is subject to changes in Singapore laws, including changes that could have retroactive effect. The following summary does not take into account or discuss the tax laws of any countries other than Singapore. Prospective purchasers in all jurisdictions are advised to consult their own tax advisers as to Singapore or other tax consequence of the acquisition, ownership and disposition of the Bonds.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore ("**IRAS**") and the MAS in force as at the date of this Offering Circular, and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Bonds or of any person acquiring, selling or otherwise dealing with the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. The statements below do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Bonds and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Bonds are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Bonds, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Guarantor, the Joint Lead Managers or any other persons involved in the issuance of the Bonds accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Bonds.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17 per cent. The applicable rate for non-resident individuals is currently 22 per cent., and is proposed to be increased to 24 per cent. from the year of assessment 2024 pursuant to the Singapore Budget Statement 2022. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15 per cent. The rate of 15 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, as the issue of the Bonds is jointly lead-managed by CIMB Bank Berhad, Singapore Branch, ING Bank N.V., Singapore Branch and OCBC, each of which is a Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Standard Tier) Company (each as defined in the Income Tax Act) at such time, and the Bonds are issued as debt securities before 31 December 2023, the Bonds would be qualifying debt securities ("**QDS**") for the purposes of the Income Tax Act, to which the following treatment shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Bonds as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Bonds of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost is derived from the Bonds by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities shall not apply if the non-resident person acquires the Bonds using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Bonds paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Bonds are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Bonds as the MAS may require), Qualifying Income from the Bonds paid by the Issuer and derived by any company or body of persons (as defined in the Income Tax Act) in Singapore is subject to income tax at a concessionary rate of 10 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

  (a) the Issuer including in all offering documents relating to the Bonds a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Bonds is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and

  (b) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Bonds as the MAS may require,

  payments of Qualifying Income derived from the Bonds are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(a) if during the primary launch of the Bonds, the Bonds are issued to less than four persons and 50 per cent. or more of the issue of the Bonds is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Bonds would not qualify as QDS; and

(b) even though the Bonds are QDS, if at any time during the tenure of the Bonds, 50 per cent. or more of the Bonds which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from the Bonds held by:

  (a) any related party of the Issuer; or

  (b) any other person where the funds used by such person to acquire the Bonds are obtained, directly or indirectly, from any related party of the Issuer,

  shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person *(A)*, means any other person who, directly or indirectly, controls *A*, or is controlled, directly or indirectly, by *A*, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**break cost**", "**prepayment fee**" and "**redemption premium**" are defined in the Income Tax Act as follows:

- "**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

- "**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

- "**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "**break cost**", "**prepayment fee**" and "**redemption premium**" in this Singapore tax disclosure have the same meaning as defined in the Income Tax Act.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Bonds by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities under the Income Tax Act (as mentioned above) shall not apply if such person acquires such Bonds using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) derived from the Bonds is not exempt from tax is required to include such income in a return of income made under the Income Tax Act.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Bonds will not be taxable in Singapore. However, any gains derived by any person from the sale of the Bonds which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Bonds who apply or are required to apply FRS 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Bonds, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "***Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes***".

Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the Income Tax Act provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued a circular entitled "*Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement*".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the Income Tax Act requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled "*Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments*".

Holders of the Bonds who may be subject to the tax treatment under Sections 34A or 34AA of the Income Tax Act should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Bonds.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

PROPOSED FINANCIAL TRANSACTIONS TAX ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has ceased to participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State; or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**" and each, an "**IGA**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Bonds issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in a subscription agreement dated [●] 2022 (the "**Subscription Agreement**") among the Issuer, the First REIT Manager, the Guarantor and the Joint Lead Managers, the Joint Lead Managers, subject to and in accordance with the provisions of the Subscription Agreement, have agreed to subscribe and pay for, or procure subscriptions and payment for, the Bonds.

The Subscription Agreement provides that the Issuer has agreed to pay the Joint Lead Managers certain fees and commissions and to reimburse the Joint Lead Managers for certain of their expenses in connection with the initial sale and distribution of the Bonds, and the Issuer, the First REIT Manager and the Guarantor will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and their subsidiaries and affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers and certain of their subsidiaries or affiliates may have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer, the First REIT Manager, the Guarantor and/or their respective subsidiaries and affiliates, from time to time, for which they have received customary fees and expenses. The Joint Lead Managers and their subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer, the First REIT Manager, the Guarantor and/or their respective subsidiaries and affiliates in the ordinary course of their business.

The Joint Lead Managers and their affiliates may purchase any Bonds and be allocated Bonds for asset management and/or proprietary purposes, whether or not with a view to later distribution. This may reduce the liquidity of the Bonds in the secondary trading market. References herein to the Bonds being offered should be read as including any offering of the Bonds to the Joint Lead Managers and/or their affiliates acting in such capacity. In the ordinary course of their various business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer, First REIT or the Guarantor. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The distribution of this Offering Circular, or any offering material, and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular, or any offering material, are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken that would, or is intended to, permit a public offering of the Bonds, or the possession or distribution of this Offering Circular or any amendment or supplement thereto or any offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

The Joint Lead Managers may, from time to time, engage in transactions with and perform services for the Issuer or the Guarantor in the ordinary course of their businesses, including, without limitation in relation to the Risk Sharing Arrangements. See "***Description of the CGIF Guarantee – Risk Sharing Arrangements – Standby Letter of Credit***", above.

Each of the Joint Lead Managers has represented, warranted and agreed that it will (to the best knowledge and belief of the Joint Lead Managers) comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Bonds or possesses, distributes this Offering Circular or any other offering material relating to the Bonds. Persons into whose hands this Offering Circular comes are required by the Issuer, the First REIT Manager, the Guarantor and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or possess, distribute or publish this Offering Circular or any other offering material relating to the Bonds, in all cases at their own expense.

Accordingly, the Bonds should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Bonds should be distributed or published in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not, save as disclosed in this Offering Circular, impose any obligations on the Issuer, the First REIT Manager, the Guarantor or the Joint Lead Managers.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any of their affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or their affiliate on behalf of the Issuer in such jurisdiction.

SELLING RESTRICTIONS

General

None of the Issuer, the First REIT Manager, the Guarantor or the Joint Lead Managers makes any representation that any action will be taken in any jurisdiction by the Joint Lead Managers, the Issuer, the First REIT Manager or the Guarantor that would permit a public offering of the Bonds and the CGIF Guarantee, or possession or distribution of the Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Bonds and the CGIF Guarantee (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Joint Lead Managers are not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds and the CGIF Guarantee other than as contained in, or which is consistent with, the Offering Circular or any amendment or supplement to it.

United States

The Bonds and CGIF Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Bonds, (a) as part of their distribution at any time or (b) otherwise, until forty (40) days after the later of the commencement of the offering and the issue date of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until forty (40) days after commencement of the offering, an offer or sale of Bonds within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to 'professional investors' as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO, or (b) in other circumstances which do not result in the document being a 'prospectus' as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C**(**WUMP**)**O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds and the CGIF Guarantee, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds and the CGIF Guarantee which are or are intended to be disposed of only to persons outside Hong Kong or only to 'professional investors' as defined in the SFO and any rules made under the SFO.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948), as amended (the "**FIEA**"). Accordingly, the Joint Lead Managers represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Bonds in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

TRANSFER RESTRICTIONS

Each purchaser of the Bonds, by accepting the delivery of this Offering Circular, will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

(a) it is purchasing the Bonds for its own account or an account with respect to which it exercises sole investment discretion, and it and any such account is outside the United States and is a non-U.S. person;

(b) it understands and acknowledges that the Bonds and the CGIF Guarantee have not been and will not be registered under the Securities Act;

(c) that unless so registered, the Bonds may not be sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws;

(d) that the Bonds are being offered and sold only outside the United States to non-U.S. persons in an offshore transaction in compliance with Rule 903 under the Securities Act; and

(e) that it is purchasing the Bonds for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Bonds in violation of the Securities Act. Because of the above restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Bonds.

RATINGS

The Bonds are expected to be rated AA by S&P. A security rating is not a recommendation to purchase, hold or sell the Bonds as such rating does not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgement, circumstances so warrant. See "***Risk Factors – Risks Relating to the Bonds – Credit ratings may not reflect all risks and the ratings assigned to the Bonds may be lowered or withdrawn in the future***".

GENERAL INFORMATION

1. Listing

Application will be made to the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions or reports contained in this Offering Circular. Admission of the Bonds to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer, First REIT, the First REIT Manager, the Guarantor, their respective subsidiaries (if any), their respective associated companies (if any) or the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of S$250,000 (or its equivalent in other currencies) for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.

The Bonds issued are proposed to be issued under the AMBIF.

AMBIF is a policy initiative under the ABMI to create a nexus among domestic professional local currency bond markets in the region to help facilitate intraregional transactions through standardised bond and note issuance and investment processes.

AMBIF facilitates intraregional bond and note issuance and investment by creating common market practices; utilising a common document for submission, the Single Submission Form (the "**SSF**"); and highlighting transparent issuance procedures as documented in the implementation guidelines for each participating market, including Singapore.

AMBIF is expected to expand opportunities for issuers and investors: issuers can raise funds in local currencies in multiple locations in the region more easily, and investors can invest in local currency bonds more easily.

To be recognised as a bond or note issued under AMBIF (AMBIF Bond or Note), certain requirements need to be satisfied. These so-called AMBIF elements are summarised in the table below. Integral to AMBIF is the use of the SSF.

AMBIF Elements	**Brief Description**
Domestic Settlement	Bonds/notes are settled at a national central securities depository in ASEAN+3
Harmonised Submission Documents (SSF)	Common approach of submitting information as input for regulatory process(es) where approval or consent is required. Appropriate disclosure information needs to be included.
Registration or profile listing at ASEAN+3 (Place of continuous disclosure)	Information on bonds/notes and issuer needs to be disclosed continuously in ASEAN+3. Registration or listing authority function is required to ensure continuous and quality disclosure.
Currency	Bonds/notes are denominated in currencies normally issued in domestic bond markets of ASEAN+3
Scope of Issuer	Resident of ASEAN+3
Scope of Investors	Professional investors defined in accordance with applicable laws and regulations or market practice in each market in ASEAN+3

At this stage, the SSF, in conjunction with the AMBIF Implementation Guidelines, is accepted in seven jurisdictions in ASEAN+3: Hong Kong, China; Japan; Malaysia; the Philippines; Singapore; Thailand; and Cambodia. The region's other markets are expected to join as soon as they are ready.

The SSF, as the single and comprehensive issuance and disclosure document, has been modelled on the information memorandum used in international bond markets and its contents complies with the information and disclosure requirements of all participating markets, including those of Singapore.

The SSF has been recognised by the Singapore Exchange Limited ("**SGX**") and the MAS to serve as issuance documentation for bonds and notes issued to exempted classes of investors. As such, the documents and/or material in connection with the offer or sale, or invitation for subscription or purchase, of such bonds and notes may not be circulated or distributed, nor may such bonds and notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor (under Section 274 of the SFA); (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA. For such bonds and notes to be listed on the SGX, the application procedures and relevant listing requirements will need to be fulfilled by the relevant issuer of such bonds and notes.

The SSF is a public document and was created and is maintained by the ASEAN+3 Bond Market Forum, a public sector-private sector forum under the guidance of the Asian Development Bank, in conjunction with the AMBIF Documentation Recommendation Board, a group of bond market participating institutions and professionals in ASEAN+3 that support and represent best market practices. The template for the SSF is available for download from the Asian Development Bank's website.

2. Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds.

3. Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings pending or, so far as the Issuer is aware threatened against the Issuer, the First REIT Manager, First REIT or any of the subsidiaries of First REIT, the outcome of which may have or have had during the twelve (12) months prior to the date of this Offering Circular a material adverse effect on the financial position of First REIT or the Group.

4. Significant/Material Change

Since 31 December 2021, there has been no material adverse change in the financial position of First REIT.

5. Auditor

The audited consolidated financial statements of First REIT as of and for the years ended 31 December 2019 and 31 December 2020, which are included elsewhere in this Offering Circular, have been audited by RSM, and as stated in its report appearing herein.

The audited consolidated financial statements of First REIT as of and for the year ended 31 December 2021, which are included elsewhere in this Offering Circular, have been audited by KPMG LLP, and as stated in its report appearing herein.

6. Documents available for Inspection

Copies of the Trust Deed, the CGIF Guarantee and Agency Agreement will be available for inspection, at the specified office of the Paying Agent during normal business hours upon prior written request and satisfactory proof of holding for so long as any of the Bonds are outstanding.

GUARANTEE AGREEMENT

DATED [•] 2022

CREDIT GUARANTEE AND INVESTMENT FACILITY,
a trust fund of the Asian Development Bank

and

THE BANK OF NEW YORK MELLON, SINGAPORE BRANCH
as trustee for and on behalf of all Bondholders

relating to

S$[•] [•] per cent. Senior Unsecured Guaranteed Bonds due [•]
issued by Perpetual (Asia) Limited in its capacity as trustee of the First Real Estate Investment Trust

CONTENTS

THIS GUARANTEE (this **Agreement**) is dated ______________ 2022 and is made **BETWEEN**:

(1) **CREDIT GUARANTEE AND INVESTMENT FACILITY**, a trust fund of the Asian Development Bank with its principal office in Manila, the Philippines, in its capacity as guarantor (**CGIF**); and

(2) **THE BANK OF NEW YORK MELLON, SINGAPORE BRANCH (UEN/Company Registration No. S74FC2426B)** in its capacity as the trustee for and on behalf of the Bondholders (as defined below) (in this capacity, the **Guaranteed Party**)

(each a **Party** and collectively the **Parties**).

BACKGROUND:

(A) At the request of the Issuer, CGIF has agreed, subject to the terms and conditions of this Agreement, to issue a guarantee in favour of the Guaranteed Party in respect of the Bonds (as defined below).

(B) It is intended that this document takes effect as a deed notwithstanding the fact that a Party may only execute this document under hand.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

Additional Accrued Interest means the amount of interest in respect of any Bond for the Additional Accrual Period at the Bond Interest Rate.

Additional Accrual Period means**,** where CGIF is required to pay any Guaranteed Amounts in respect of principal due on the Bond Maturity Date, the period from (and including) the Bond Maturity Date to (but excluding) the earlier of (1) the Guarantor Payment Date, and (2) the Non-Payment Event; or otherwise, on an acceleration of the redemption of the Bonds pursuant to Guaranteed Party Acceleration or CGIF Acceleration, the period from (and including) the immediately preceding Bond Interest Payment Date until the date of redemption upon such acceleration.

Agency Agreement has the meaning given to such term under the Bond Conditions.

Articles of Agreement means the articles of agreement of CGIF originally dated 11 May 2010 as amended on 27 November 2013, 31 May 2016, 23 May 2017, 31 May 2018 and 16 May 2019 (as may be further amended or supplemented from time to time).

Bond Certificates has the meaning given to the term **Certificate** under the Bond Conditions.

Bond Conditions has the meaning given to the term **Conditions** in the Trust Deed.

Bond Documents means (to the extent applicable) the Subscription Agreement, Trust Deed (including the Bond Conditions), the Agency Agreement and the Bond Certificates, in each case related to the issuance of the Bonds.

Bond Interest Payment Date has the meaning given to the term **Interest Payment Date** under the Bond Conditions.

Bond Interest Rate has the meaning given to the term **Rate of Interest** under the Bond Conditions.

Bond Maturity Date has the meaning given to the term **Maturity Date** under the Bond Conditions.

Bondholders has the meaning given to such term under the Bond Conditions.

Bonds means the S$[•] [•] per cent. senior unsecured guaranteed bonds due [•] to be issued by the Issuer.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in Jakarta, Manila, New York and Singapore.

CGIF Assets means all property and assets of CGIF held in trust in accordance with the Articles of Agreement of CGIF and available from time to time to meet the liabilities of CGIF. For the avoidance of doubt, a CGIF Asset does not include any assets of the Asian Development Bank or any other contributors to CGIF.

CGIF Certificate means the certificate to be issued by CGIF to the Guaranteed Party certifying it has received (or waived receipt of) the documents and evidence set out in Schedule 1 (Conditions Precedent) to the Indemnity Agreement in form and substance satisfactory to CGIF, substantially in the form set out in Schedule 1 (Form of CGIF Certificate).

CGIF Guarantee or **this Guarantee** means the guarantee provided by CGIF pursuant to, and subject to, the terms and conditions of this Agreement.

Condition means a condition of the Bond Conditions.

Governmental Agency means any government or any governmental agency, semi-governmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

Guarantee Documents means this Agreement, the Indemnity Agreement, any Security Agreement, and any other document or agreement entered into between any of CGIF, the Issuer or the Guaranteed Party (as applicable) in connection with any of those documents.

Guarantee Term has the meaning given to it in Clause 2.2 (*Term of this Guarantee*).

Guaranteed Amount has the meaning given to it in Clause 2.1 (*Guarantee*).

Guarantor Default Interest Amount means any amount payable by CGIF pursuant to Clause 3.3 (*Guarantor Default Interest*).

Guarantor Default Rate means the Bond Interest Rate plus [two] per cent. ([2]%) per annum.

Guarantor Payment Date means the date of actual receipt by the Guaranteed Party in respect of a Guaranteed Amount.

Indemnity Agreement means the reimbursement and indemnity agreement dated on or about the date of this Agreement between CGIF and the Issuer in connection with this Agreement.

Issue Date has the same meaning given to the term **Issue Date** under the Bond Conditions.

Issuer means Perpetual (Asia) Limited. in its capacity as trustee of the First Real Estate Investment Trust, a company incorporated in Singapore.

Missed Payment Event means the non-payment (not taking into account any grace period) of any Guaranteed Amount by the Issuer in accordance with the Bond Conditions and the Trust Deed.

Non-Payment Event means the occurrence of an Event of Default (as defined under the Bond Conditions) 30 calendar days after the occurrence of a Missed Payment Event in accordance with Condition 9(a)(i) (*Non-payment*) of the Bond Conditions.

Paid Guaranteed Amount has the meaning given to it in Clause 4.1 (*Subrogation*).

Principal Amount means the outstanding principal amount in respect of the Bonds at any time.

Scheduled Interest means scheduled interest on the Bonds payable at the Bond Interest Rate on each Bond Interest Payment Date (excluding, for the avoidance of doubt, default interest).

Security means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

S$ means Singapore Dollars, the lawful currency of Singapore in general circulation from time to time.

Subscription Agreement means the subscription agreement entered into between, among others, the Issuer, CGIF and CIMB Bank Berhad, Singapore Branch, ING Bank N.V., Singapore Branch and Oversea-Chinese Banking Corporation Limited on or about the date of this Agreement in relation to the Bonds.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest).

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under this Agreement.

Trust Deed means the trust deed entered into between, among others, the Issuer, the Guaranteed Party and CGIF on or about the date of this Agreement in relation to the Bonds.

Trustee Expenses means the remuneration, costs, charges, expenses and interests and claims for reimbursement and indemnification due and payable to the Guaranteed Party in accordance with the Trust Deed and the remuneration, costs, charges, expenses and interests and claims for reimbursement and indemnification due and payable to the agents named in the Agency Agreement relating to the Bonds in accordance with such Agency Agreement.

1.2 Construction

(a) In this Agreement, terms not defined herein have the meaning as set out in the Trust Deed and unless the contrary intention appears, a reference to:

(i) an **amendment** includes a supplement, novation, extension (whether of maturity or otherwise), restatement, re-enactment or replacement (however fundamental and whether or not more onerous) and **amended** will be construed accordingly;

(ii) **assets** includes present and future properties, revenues and rights of every description;

(iii) a **Clause**, a **Subclause,** a **Paragraph** or a **Schedule** is a reference to a clause, subclause of, or paragraph of, or a schedule to, this Agreement;

(iv) a currency is a reference to the lawful currency for the time being of the relevant country;

(v) a **Bond Document, Guarantee Document** or other document or Security includes (without prejudice to any prohibition on or consent required for any amendments) any amendment to that Bond Document, Guarantee Document or other document or Security;

(vi) **including** means including without limitation, and **includes** and **included** shall be construed accordingly;

(vii) a provision of law is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;

(viii) a **Party** or any other person includes its successors in title, permitted assigns and permitted transferees;

(ix) a **person** includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, fund, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;

(x) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(xi) a **successor** shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of its jurisdiction of establishment, incorporation or domicile has assumed the rights and obligations of such party under this Agreement or to which, under such laws, such rights and obligations have been transferred;

(xii) a time of day is a reference to Manila time; and

(xiii) the **winding-up**, **dissolution** or **administration** of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is established or incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.

(b) Unless the contrary intention appears, a reference to a **month** or **months** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or the calendar month in which it is to end, except that:

(i) if the numerically corresponding day is not a Business Day, the period will end on the next Business Day in that month (if there is one) or the preceding Business Day (if there is not);

(ii) if there is no numerically corresponding day in that month, that period will end on the last Business Day in that month; and

(iii) notwithstanding subparagraph (i) above, a period which commences on the last Business Day of a month will end on the last Business Day in the next month or the calendar month in which it is to end, as appropriate.

(c) The headings in this Agreement are provided for convenience only and do not affect the construction or interpretation of any provision of this Agreement.

2. GUARANTEE

2.1 Guarantee

(a) Subject to the provisions of this Agreement, CGIF irrevocably and unconditionally guarantees to the Guaranteed Party the full and punctual payment of each Guaranteed Amount.

Subject to this Clause 2.1, in this Agreement, **Guaranteed Amount** means:

(i) any Principal Amount and any Scheduled Interest which is overdue and unpaid (whether in whole or in part) by the Issuer under the Bond Conditions and the Trust Deed;

(ii) any Additional Accrued Interest; and

(iii) any Trustee Expenses.

(b) For the avoidance of doubt, a Guaranteed Amount does not include any increased costs, tax related indemnity (but for the avoidance of doubt includes any additional amounts required to be paid to the Bondholders due to a tax deduction and the operation of Condition 8 (*Taxation*) of the Bond Conditions, provided that the Guaranteed Amount will only include the original amount which would have been due from the Issuer if no tax deduction were required), default interest, fees, or any other amounts other than any Principal Amount, any Scheduled Interest, any Additional Accrued Interest and any Trustee Expenses payable by the Issuer to the Guaranteed Party or any Bondholders.

(c) If the Bonds become payable on an accelerated basis:

(i) as a result of the Guaranteed Party declaring the Bonds payable on an accelerated basis, CGIF shall pay any Guaranteed Amounts in accordance with clause 3.3 (*Acceleration*) of the Trust Deed; and/or

(ii) as a result of CGIF exercising its rights pursuant to Condition 6(c) (*Redemption in the event of a CGIF Acceleration*) of the Bond Conditions,

CGIF shall pay any Guaranteed Amount in accordance with Clause 3.2 (*Payment of Guaranteed Amount*).

(d) Notwithstanding any other provision of this Agreement, CGIF shall have no obligation to pay any amounts pursuant to this Agreement where the relevant amount of principal or accrued but unpaid interest became payable under the Bond Conditions:

(i) on an accelerated basis at the instigation of the Issuer, including, without limitation, as a result of the Issuer's voluntary redemption of the Bonds (whether in full or in part) prior to the Bond Maturity Date; or

(ii) as a result of any purchase of the Bonds by the Issuer pursuant to Condition 6(e) of the Bond Conditions and held by the Issuer or any member of the Group (as defined in the Bond Conditions).

2.2 Term of this Guarantee

(a) The CGIF Guarantee shall be effective as of the first date on which both (i) the Issue Date has taken place and (ii) CGIF has issued the CGIF Certificate.

(b) Subject to Clauses 2.8 (*Reinstatement*) and 10.2 (*Termination*), the CGIF Guarantee will expire on the earlier of:

(i) the date on which all Guaranteed Amounts have been paid, repaid or prepaid in full, or the payment obligations of the Issuer in respect of all Guaranteed Amounts have been otherwise discharged or released pursuant to the Bond Documents or any other arrangement between the Issuer and the Guaranteed Party; and

(ii) the date of full redemption, prescription or cancellation of the Bonds

(such period of effectiveness of the CGIF Guarantee being the **Guarantee Term**).

2.3 Continuing guarantee

The CGIF Guarantee is a continuing guarantee and will extend to the ultimate balance of all Guaranteed Amounts payable by the Issuer under the Bond Documents, regardless of any intermediate payment or discharge in whole or in part or where the payment of a Guaranteed Amount has been made but further Guaranteed Amounts are still due and payable or whether the Bonds are outstanding.

2.4 Guaranteed Amounts following amendments to the Bond Documents

If, without the prior written consent of CGIF, the Guaranteed Party concurs in any amendment, modification, variation, novation, waiver or termination of any term of a Bond Document, CGIF will irrevocably and unconditionally guarantee to the Guaranteed Party the Guaranteed Amount as per the terms of the Bond Documents and this Agreement in force as at the date of this Agreement or as amended in accordance with the prior written consent of CGIF from time to time.

2.5 Limited recourse

Notwithstanding any other provisions of this Agreement or any Bond Document, the recourse of the Guaranteed Party against CGIF under this Agreement and any Bond Document is limited solely to the CGIF Assets. The Guaranteed Party acknowledges and accepts that it only has recourse to the CGIF Assets and it has no recourse to any assets of Asian Development Bank or any other contributors to CGIF. Any obligation under this Agreement of CGIF shall not constitute an obligation of Asian Development Bank or any other contributors to CGIF.

2.6 No personal liability of Asian Development Bank or any other contributors to CGIF

Notwithstanding any other provisions of this Agreement or any Bond Document, neither the Asian Development Bank nor any other contributors to CGIF or the officers, employees or agents of the Asian Development Bank or any contributor to CGIF shall be subject to any personal liability whatsoever to any third party including the Guaranteed Party in connection with the operation of CGIF or under this Agreement, any Bond Document or any Guarantee Document. No action may be brought against Asian Development Bank as the trustee of CGIF or as contributor to CGIF or against any other contributors to CGIF or any of their respective officers, employees or agents by any third party including the Guaranteed Party in connection with this Agreement.

2.7 Waiver of defences

The obligations of CGIF under this Agreement will not be affected by and shall remain in force notwithstanding any act, omission, event or thing of any kind which, but for this provision, would reduce, release or prejudice any of its obligations under this Agreement. This includes, without limitation:

(a) any time, waiver or any other concession or consent granted to, or composition with, any person;

(b) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any person;

(c) any failure to realise the full value of any Security;

(d) any incapacity, or lack of power, authority or legal personality of any person;

(e) any termination, amendment, modification, variation, novation, replacement, supplement or superseding of or to a Bond Document or any other document or Security relating thereto, but only if the prior written consent of CGIF has been obtained in accordance with Clause 8.1 (*No amendment to Bond Documents*);

(f) any unenforceability, illegality or, invalidity of any obligation of any person under any Bond Document or any other document or Security relating thereto;

(g) any insolvency or similar proceedings affecting CGIF or the Issuer;

(h) any change in the taxation status of CGIF or the Issuer; or

(i) the replacement of the Guaranteed Party as trustee for and on behalf of the Bondholders.

2.8 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of the Issuer and/or CGIF or any Security (if any) for those obligations or otherwise) is made by the Guaranteed Party in whole or in part in respect of a Guaranteed Amount on the basis of any payment, Security (if any) or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, then the liability of CGIF under Clauses 2 (*Guarantee*) and 3 (*Payment under this Guarantee*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

2.9 Additional Security

This Agreement is in addition to and is not in any way prejudiced by any Security (to the extent applicable, if any) in respect of the Issuer's obligations under the Bond Documents now or subsequently held by the Guaranteed Party (or any trustee or agent on its behalf).

2.10 Pari Passu Ranking

Without limiting any other provision contained in this Agreement or any other Bond Documents, CGIF's payment obligations under this Agreement are direct, unconditional and general obligations of CGIF and rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law (if any).

3. PAYMENT UNDER THIS GUARANTEE

3.1 General

CGIF agrees that the Guaranteed Party is not required to proceed against, enforce any other rights or security, or claim payment from any person before claiming from CGIF under this Agreement, irrespective of any law or any provision of any Bond Document to the contrary, provided that CGIF shall only be required to make payments to the Guaranteed Party in accordance with the terms of this Agreement and the Bond Conditions.

3.2 Payment of Guaranteed Amount

Subject to Clause 2.1 (*Guarantee*) of this Agreement, and clauses 3.2 (*Missed Payment Event*) and 3.3 (*Acceleration*) of the Trust Deed, if a Missed Payment Event has occurred and is continuing, CGIF shall pay the Guaranteed Amount relating to the Missed Payment Event to the Guaranteed Party or to its order within 30 calendar days of such Missed Payment Event, or in the case of a CGIF Acceleration, within 30 calendar days from the date of the CGIF Acceleration Notice.

3.3 Guarantor Default Interest

(a) Subject to paragraph (b) below, if CGIF fails to make a payment in accordance with Clause 3.2 (*Payment of Guaranteed Amount*), CGIF will pay interest on the overdue Guaranteed Amount (other than any Trustee Expenses) for the period from (and including) the date the relevant Non-Payment Event occurred to (but excluding) the Guarantor Payment Date at the Guarantor Default Rate.

(b) CGIF will pay interest on the overdue Trustee Expenses from the period from (and including) the date the relevant Non-Payment Event occurred to (but excluding) the Guarantor Payment Date at the rate of the Trustee's cost of funds, provided that the Trustee furnishes evidence as to its cost of funds to the reasonable satisfaction of CGIF.

4. SUBROGATION AND TRANSFERS

4.1 Subrogation

(a) Immediately upon the receipt by the Guaranteed Party under this Agreement of all or any part of the Guaranteed Amount in accordance with this Agreement (a **Paid Guaranteed Amount**), CGIF shall be subrogated to:

(i) all of the rights, powers and remedies of the Guaranteed Party, on behalf of the Bondholders, and of the Bondholders themselves, in respect of the Bonds and each Bond Document (in each case, to the extent relating and proportionate to that Paid Guaranteed Amount), against any relevant person, including (and to the extent relating and proportionate to that Paid Guaranteed Amount) any rights or claims, whether accrued, contingent or otherwise; and

(ii) all of the Guaranteed Party's privileges, rights and security against the Issuer or with respect to the Bonds, in each case insofar as they extend to an amount equal to that Paid Guaranteed Amount.

(b) The Guaranteed Party shall use its reasonable endeavours to, at the written request and expense of CGIF, execute such instruments or documents and take such other actions as CGIF may require to give effect to, facilitate or evidence the subrogation referred to in this Clause 4 and to perfect the rights of CGIF to receive such amounts equal to the Paid Guaranteed Amount under the Bond Documents.

(c) For the avoidance of doubt, no Bondholder shall be obliged to transfer or assign any rights or any legal title in the Bonds, except to the extent that it has received payment of any amounts from CGIF in respect thereof.

4.2 Transfer

(a) Upon the receipt by the Guaranteed Party of a Paid Guaranteed Amount, the Guaranteed Party shall, to the extent available to it, at the written request and the expense of CGIF and in consideration of such payment:

(i) transfer and assign, free from any Security, to CGIF all its rights:

(A) under the Bond Documents; and

(B) in respect of any Security securing the Bonds or any other amounts payable under the Bond Documents (including any right, title and interest to any asset which has arisen as a result of enforcement of such Security),

i. insofar as those rights relate and are proportionate to that Paid Guaranteed Amount; and

(ii) execute such instruments or documents and take such other actions as necessary for CGIF to give effect to, facilitate or evidence the transfer and assignment referred to in this Clause 4 and to perfect the rights of CGIF to receive such amounts equal to the Paid Guaranteed Amount under the Bond Documents.

(b) The Guaranteed Party shall not do anything that could lessen or impair any of the rights referred to in subparagraph (a)(i) above, CGIF's rights of subrogation or any other right of CGIF to recover any Paid Guaranteed Amount, unless the Guaranteed Party is acting in accordance with the terms of the Trust Deed.

5. APPLICATION OF FUNDS AND RECOVERIES

5.1 Application of funds

Following payment by CGIF of any Paid Guaranteed Amount or payment by CGIF under this Agreement of all or any part of the Guarantor Default Interest Amount pursuant to the terms of this Agreement, the Guaranteed Party must hold such amounts on trust for itself and the Bondholders on the terms set out in the Trust Deed and must (as soon as reasonably practicable after receipt) apply them in or towards payment of the Guaranteed Amount(s) relating to such Paid Guaranteed Amount in accordance with the terms of the Trust Deed.

5.2 Recoveries

(a) After the occurrence of a Missed Payment Event, if the Guaranteed Party recovers any money or asset from the Issuer or any other person in respect of any Guaranteed Amount relating to that Missed Payment Event (a **Recovered Amount**), the Guaranteed Party must as soon as reasonably practicable (and in any case within ten calendar days from the date of its receipt of such Recovered Amount) supply details of the recovery to CGIF and pay to CGIF (or any other person at the instruction of CGIF) an amount equal to such Recovered Amount.

(b) Following payment by CGIF of any Paid Guaranteed Amount, if CGIF discovers that the Guaranteed Party had no right to receive a payment of the relevant Guaranteed Amount (or any portion thereof) to which such Paid Guaranteed Amount relates, CGIF shall be entitled, upon notice to the Guaranteed Party, to recover from the Guaranteed Party the relevant payment (or the relevant portion thereof) to the extent that the Guaranteed Party still holds such amounts itself or to its order (and provided only that it has the ability to direct the payment of the relevant amounts).

(c) To the extent any part of a Guaranteed Amount has been recovered from any source (it being recognised that the Guaranteed Party is under no duty whatsoever to seek to recover from any such source), the Guaranteed Party may not seek to recover such amounts from CGIF under this Agreement.

6. TAXES

6.1 CGIF shall make all payments to be made by it under this Agreement without any Tax Deduction, unless a Tax Deduction is required by law. If a Tax Deduction is required by law to be made by CGIF, the amount of the payment due from CGIF under this Agreement shall be increased to an amount which (after making the relevant Tax Deduction) would result in the recipient receiving an amount equal to the payment which would have been due if no Tax Deduction had been required, except that no increased payment shall be payable by CGIF in respect of any Bond:

(a) held by a Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of payments made by CGIF by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond; or

(b) where (in the case of a payment of principal or interest on redemption) the relevant Certificate is surrendered for payment more than thirty (30) days after the Relevant Date except to the extent that the relevant Bondholder would have been entitled to such increased payment if it had surrendered the relevant Certificate on the last day of such period of thirty (30) days.

For these purposes **Relevant Date** means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Bondholders.

6.2 If CGIF is aware that it must make a Tax Deduction (or that there is a change in the rate or the basis of a Tax Deduction), it must promptly notify the Guaranteed Party.

6.3 If CGIF is required to make a Tax Deduction, it must make the minimum Tax Deduction allowed by law and must make any payment required in connection with that Tax Deduction within the time allowed by law.

6.4 Nothing in this Clause 6 shall be considered to constitute a waiver of the privileges, immunities and exemptions applicable to CGIF pursuant to the Articles of Agreement.

7. PAYMENTS

7.1 Payment by CGIF and other Parties

(a) A payment by CGIF of a Paid Guaranteed Amount or a payment by CGIF under this Agreement of all or any part of the Guarantor Default Interest Amount in accordance with this Agreement will discharge the payment obligations of CGIF under this Agreement to the extent of such payment, whether or not such payment is properly applied by or on behalf of the Guaranteed Party.

(b) All payments to be made by a Party under this Agreement must be made on the due date for payment in immediately available funds to such account as the receiving Party may direct such account to be notified by the receiving Party to the other Party at least five Business Days prior to the relevant due date for payment.

7.2 Currency

All payments to be made by a Party under this Agreement must be made in the currency in which the amounts are incurred in relation to costs, fees, expenses, liabilities and other indemnities.

7.3 Certificates and determinations

Any certification, determination or notification by a Party of a rate or amount made pursuant to the terms of this Agreement will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

7.4 Business Days

If a payment under this Agreement is due on a day which is not a Business Day, the due date for that payment will instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

8. AMENDMENTS AND WAIVERS

8.1 No amendment to Bond Documents

The Guaranteed Party shall not, without the prior written consent of CGIF, concur in any amendment, modification, variation, novation, waiver or termination of any term of a Bond Document to which it is a party unless in accordance with clause [26.1] (*Modifications*) of the Trust Deed and Condition [13(b)] (*Modification and waiver*) of the Bond Conditions.

8.2 Amendments

Any term of this Agreement may be amended or waived with the written agreement of the Parties and the Issuer.

8.3 Waivers and remedies cumulative

(a) The rights and remedies of each Party under this Agreement:

(i) may be exercised as often as necessary;

(ii) are cumulative and not exclusive of its rights and remedies under the general law; and

(iii) may be waived only in writing and specifically.

(b) No delay in exercising or non-exercise by a Party of any right or remedy under this Agreement shall operate as a waiver of that right or remedy, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy other than where any rights (including, without limitation, the right to require payment of any Guaranteed Amount) are to be exercised in accordance with specified requirements under this Agreement.

9. ASSIGNMENT OR TRANSFER

No Party may assign or transfer any of its rights and obligations under this Agreement without the prior consent of the other Party except that:

(a) CGIF may assign or transfer any of its rights and benefits under this Agreement (including its right of subrogation) to any person without the prior written consent of the Guaranteed Party or any other person; and

(b) the Guaranteed Party may assign or transfer any of its rights and obligations under this Guarantee to any replacement trustee duly appointed in accordance with the Trust Deed.

10. TERMINATION

10.1 Except in relation to Clause 2.5 (Limited recourse), Clause 2.6 (*No personal liability of Asian Development Bank or any other contributors to CGIF*), Clause 4 (*Subrogation and Transfers*), Clause 16 (*Governing Law*), Clause 17 (*Dispute Resolution*) and Clause 18 (*ADB and CGIF Immunities*), all rights and obligations of each Party will cease and expire on the last day of the Guarantee Term.

10.2 Termination or expiry of this Guarantee pursuant to the terms of this Agreement is without prejudice to the rights of any Party which have accrued prior to such termination or expiry, whether arising under this Agreement, at law or otherwise.

11. SET-OFF

No Party may set off any obligation owed to it by the other Party under this Agreement against any obligation owed by it to that other Party.

12. SEVERABILITY

If a term of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any jurisdiction, it shall not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other term of this Agreement; or

(b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Agreement.

13. COUNTERPARTS

This Agreement may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

14. NOTICES

14.1 In writing

(a) Any communication in connection with this Agreement must be in writing, with copy sent to the Issuer, and, unless otherwise stated, may be given:

(i) in person, by post or fax; or

(ii) to the extent agreed by the Parties making and receiving communication, by email or other electronic communication.

(b) For the purpose of this Agreement, an electronic communication will be treated as being in writing.

(c) Unless it is agreed to the contrary, any consent or agreement required under this Agreement must be given in writing.

14.2 Contact details

(a) The contact details of CGIF for all notices in connection with this Agreement are:

Address: Asian Development Bank Building,
6 ADB Avenue, Mandaluyong City,
1550 Metro Manila, Philippines
Fax number: +632-8683-1377
Email: fr.sgd@cgif-abmi.org
Attention: CEO and Vice President, Operations

(b) The contact details of the Guaranteed Party for all notices in connection with this Agreement are:

Address: The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192
Fax number: +65 68830338
Email: Ctsingaporegcs@bnymellon.com
Attention: Global Corporate Trust – [Project Forward- First REIT]

(c) The contact details of the Issuer for all notices in connection with this Agreement are:[1]

Address:
Fax number:
Email:
Attention:

(d) Any Party may change its contact details by giving five (5) Business Days' notice to the other Party.

(e) Where a Party nominates a particular department or officer to receive a communication, a communication will not be effective if it fails to specify that department or officer.

14.3 Effectiveness

(a) Except as provided below, any communication in connection with this Agreement will be deemed to be given as follows:

(i) if delivered in person, at the time of delivery;

(ii) if posted, when received;

(iii) if by fax, when received in legible form; and

(iv) if by e-mail or any other electronic communication, when received in legible form.

[1] Issuer to provide notice details.

(b) A communication given under paragraph (a) above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

(c) A communication to CGIF will only be effective on actual receipt by it.

14.4 English Language

(a) Any notice given in connection with this Agreement must be in English.

(b) Any other document provided in connection with this Agreement must be:

(i) in English; or

(ii) in the language of the jurisdiction in which the Bonds are issued, accompanied by a certified English translation. In this case, the English translation prevails unless the document is a statutory or other publicly available official document.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Unless expressly provided to the contrary in a Guarantee Document, a person who is not a party to a Guarantee Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 and, notwithstanding any term of any Guarantee Document, no consent of any third party is required for any amendment (including any release or compromise of any liability) or termination of any Guarantee Document. Notwithstanding the foregoing, the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents may enforce Clauses 2.5 (*Limited recourse*), 2.6 (*No personal liability of Asian Development Bank or any other contributors to CGIF*), 17.2(j) (*Arbitration*) and 18 (*ADB and CGIF Immunities*) of this Agreement.

16. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by English law.

17. DISPUTE RESOLUTION

17.1 Governing law

This Clause 17 and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

17.2 Arbitration

(a) Any dispute, claim, difference or controversy arising out of, relating to, or having any connection with this Agreement (which includes this Clause 17) and any Guarantee Document other than this Agreement, including any dispute as to their existence, validity, interpretation, performance, breach or termination, or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them (for the purpose of this Clause 17, a **Dispute**), shall be referred to and be finally resolved by arbitration administered by the Singapore International Arbitration Centre (**SIAC**) under the Arbitration Rules of the SIAC in force when the Notice of Arbitration is submitted (for the purpose of this Clause 17, the **Rules**) except as they are modified by the provisions of this Agreement.

(b) The Parties further agree that following the commencement of arbitration, and following the exchange of the Notice of Arbitration and Response to the Notice of Arbitration, they will initially attempt in good faith to resolve the Dispute through mediation at the Singapore International Mediation Centre (**SIMC**), in accordance with the SIAC-SIMC Arb-Med-Arb Protocol (the **Protocol**) for the time being in force which shall last for a period not exceeding sixty-five (65) Business Days from the commencement of the mediation proceedings (the **Mediation Period**). Where a settlement has been reached between the Parties within the Mediation Period, such terms of settlement shall be referred to the arbitral tribunal and the arbitral tribunal may make a consent award on such agreed terms. In the absence of a settlement by the Parties within the Mediation Period, the Dispute shall revert back to arbitration pursuant to the Protocol. Unless otherwise agreed by the Parties, the arbitration shall resume by arbitrators who were not involved in the mediation process above.

(c) The Rules and the Protocol are incorporated by reference into this Clause 17 and capitalised terms used in this Clause 17 (which are not otherwise defined in this Agreement or any Guarantee Document) shall have the meaning given to them in the Rules and the Protocol.

(d) The number of arbitrators shall be three. The claimant(s) shall nominate one arbitrator. The respondent(s) shall nominate one arbitrator. The arbitrators nominated by the parties in accordance with the Rules shall jointly nominate the third arbitrator who, subject to confirmation by the President of the Court of Arbitration of SIAC (the **President**), will act as president of the arbitral tribunal. If the third arbitrator is not chosen by the two arbitrators nominated by the parties within 30 days of the date of appointment of the later of the two party-appointed arbitrators to be appointed, the third arbitrator shall be appointed by the President.

(e) The seat of arbitration shall be Singapore and all hearings shall take place in Singapore unless the arbitral tribunal in its absolute discretion decides that a different location will be appropriate.

(f) Except as modified by the provisions of this Clause 17 and the Rules, Part II of the International Arbitration Act (Cap. 143A) of Singapore shall apply to any arbitration proceedings commenced under this Clause 17. Neither party shall be required to give general discovery of documents, but may be required only to produce specific, identified documents which are relevant to the Dispute.

(g) The language used in the arbitral proceedings shall be English. All documents submitted in connection with the proceedings shall be in the English language, or, if in another language, accompanied by an English translation and in which case, the English translation shall prevail.

(h) Service of any Notice of Arbitration made pursuant to this Clause 17 shall be made in accordance with the Rules and at the addresses given for the sending of notices under this Agreement at Clause 14 (Notices).

(i) The arbitration award(s) rendered by the arbitral tribunal shall be final and binding on the parties. To the fullest extent permitted under any applicable law, the parties irrevocably exclude and agree not to exercise any right to refer points of law or to appeal to any court or other judicial authority.

(j) The arbitral tribunal and any emergency arbitrator appointed in accordance with the Rules shall not be authorized to order, and the Guaranteed Party agrees for itself and on behalf of each Bondholder that it shall not seek from the arbitral tribunal or any judicial authority:

 (i) any order of whatsoever nature against the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents; or

 (ii) any interim order to sell, attach, freeze or otherwise enforce against the CGIF Assets.

(k) The Rules shall not prohibit CGIF from disclosing any information relating to any arbitral proceedings and/or arbitral award arising out of this Clause 17 to the board of directors of CGIF (the **CGIF Board**) as part of its approval process and portfolio administration, or to the Asian Development Bank or any other contributors to CGIF or any of their respective officers, employees, advisers, agents or representatives. The members of the CGIF Board may seek instructions from their constituents for the purpose of CGIF Board approval and portfolio administration and the Board documents and other relevant information may be distributed to any representatives of the relevant member countries of CGIF for the said purpose only, provided that such information and documents distributed by the CGIF Board insofar as they relate to any arbitral proceedings and/or arbitral award shall be clearly marked "CONFIDENTIAL".

18. ADB AND CGIF IMMUNITIES

Nothing in this Agreement, or any agreement, understanding or communication relating to this Agreement (whether before or after the date of this Agreement), shall constitute or be construed as an express or implied waiver, renunciation, exclusion or limitation of any of the immunities, privileges or exemptions accorded to the Asian Development Bank under the Agreement Establishing the Asian Development Bank, any other international convention or any applicable law, or accorded to CGIF under the Articles of Agreement.

THIS AGREEMENT has been executed as a deed by the Parties hereto and is intended to be and is hereby delivered on the date first above written.

SCHEDULE 1

FORM OF CGIF CERTIFICATE

To:	The Bank of New York Mellon, Singapore Branch in its capacity as the trustee for and on behalf of the Bondholders (as defined below) (in this capacity the **Guaranteed Party**).
From:	Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank **(CGIF)**
Copy:	Perpetual (Asia) Limited in its capacity as trustee of the First Real Estate Investment Trust (the **Issuer**)
Date:	____________________

Dear Sirs,

Perpetual (Asia) Limited in its capacity as trustee of the First Real Estate Investment Trust (the Issuer) – Reimbursement and Indemnity Agreement dated _____________ 2022 (the Indemnity Agreement) between the Issuer and CGIF in connection with the up to S$[•] million bonds issued by Perpetual (Asia) Limited in its capacity as the trustee of the First Real Estate Investment Trust (the Bonds)

I refer to the Indemnity Agreement and the guarantee agreement dated _______________ 2022 between CGIF and the Guaranteed Party (the **Guarantee Agreement**).

I am a duly authorised officer of CGIF. I am authorised to give this certificate and certify that CGIF has received (or waived receipt of) all of the documents and evidence set out in schedule 2 (*Conditions Precedent*) to the Indemnity Agreement in form and substance satisfactory to CGIF.

This also serves as notification to the Guaranteed Party in accordance with Clause 2.2 (*Term of this Guarantee*) of the Guarantee Agreement that the guarantee pursuant to the Guarantee Agreement is in effect, subject to the issuance of the Bonds, and to the Issuer that CGIF has no objection to the issuance of the Bonds.

Unless we notify you to the contrary in writing, you may assume that this certificate remains true and correct.

This certificate, and any non-contractual obligations arising out of or in connection to it, should be governed by and construed in accordance with English law.

For

CREDIT GUARANTEE AND INVESTMENT FACILITY,
a trust fund of the Asian Development Bank

____
Name:
Title:

SIGNATORIES

CGIF

EXECUTED as a **DEED** by	)
CREDIT GUARANTEE AND	)
INVESTMENT FACILITY, a trust fund of	)
the Asian Development Bank	)
and **SIGNED** and **DELIVERED** as a **DEED**	)
on its behalf by Dong Woo Rhee	)

____

In the presence of:

Witness' signature:

…………………………………

Witness' name:

Carlo Go

Witness' address:

…………………………………

…………………………………

…………………………………

THE GUARANTEED PARTY

EXECUTED as a **DEED** by	)
	)
The Bank of New York Mellon, Singapore Branch in its	)
	)
capacity as trustee for and on behalf of the	)
Bondholders	)

By: ___________________________________

Name:

Title:

INDEX TO THE FINANCIAL STATEMENTS

The audited consolidated financial statements for the years ended 31 December 2019 and 31 December 2020 set forth herein are reproduced from First REIT's annual reports for the years ended 31 December 2019 and 31 December 2020 (and page references are references to pages set forth in such annual reports). The audited consolidated financial statements for the year ended 31 December 2021 set forth herein are reproduced from the audited consolidated financial statements of First REIT and its subsidiaries as at and for the year ended 31 December 2021, as enclosed with the announcement of the First REIT Manager dated 25 March 2022.

The audited consolidated financial statements were not prepared for the purposes of this Offering Circular.

STATEMENT OF THE TRUSTEE

Perpetual (Asia) Limited (the "**Trustee**") is under a duty to take into custody and hold the assets of First Real Estate Investment Trust (the "**Trust**") and its subsidiaries (the "**Group**") in trust for the holders ("**Unitholders**") of units in the Trust (the "**Units**"). In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "**laws and regulations**"), the Trustee shall monitor the activities of Bowsprit Capital Corporation Limited (the "**Manager**") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplement Deed of Retirement and Appointment of Trustee dated 1 November 2017 and Fifth Supplemental Deed dated 22 May 2018) (the "**Trust Deed**") between the Manager and the Trustee in each annual financial reporting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial reporting year covered by these financial statements, set out on pages 83 to 145, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

Ms. Sin Li Choo
Managing Director

Singapore

5 March 2020

STATEMENT BY THE MANAGER

In the opinion of the directors of Bowsprit Capital Corporation Limited (the "**Manager**"), the accompanying financial statements of First Real Estate Investment Trust (the "**Trust**") and its subsidiaries (the "**Group**") set out on pages 83 to 145 comprising the statements of total return, statements of distribution, statements of financial position, statements of movements in unitholders' funds, statements of cash flows, statements of portfolio and summary of significant accounting policies and other explanatory notes of the Group and the Trust, are drawn up so as to present fairly, in all material respects, the financial position and portfolio of the Group and of the Trust as at 31 December 2019, the total return, distributions, movements in unitholders' funds and cash flows of the Group and of the Trust for the reporting year ended on that date in accordance with the provisions of the Trust Deed and the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Bowsprit Capital Corporation Limited

Mr. Tan Kok Mian Victor
Executive Director and Chief Executive Officer

Singapore

5 March 2020

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of First Real Estate Investment Trust (the "**Trust**") and its subsidiaries (the "**Group**"), set out on pages 83 to 145, which comprise the statements of financial position and statements of portfolio of the Group and of the Trust as at 31 December 2019, and the statements of total return, statements of distribution, statements of movements in unitholders' funds and statements of cash flows of the Group and of the Trust for the reporting year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements of the Group and of the Trust are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the financial position and portfolio holdings of the Group and of the Trust as at 31 December 2019 and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and of the Trust for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

Please refer to Note 2A on accounting policies, Note 2C on critical judgements, assumptions and estimation uncertainties, Note 13 on investment properties and the annual report on the section on the audit committee's views and responses to the reported key audit matters.

The Group owns a portfolio of investment properties which are primarily used for healthcare and healthcare related purposes. The investment properties are stated at fair value of S$1.34 billion as at 31 December 2019. The measurement of the fair values of the properties in the portfolio is a significant judgement area as the fair values are impacted by a number of assumptions and factors including future rental income, growth rates, discount rates, and terminal rates. All the valuations are carried out by independent professional valuers who perform their work in accordance with international valuation professional standards. The investment properties are mainly valued through the use of expected future cash flows of each investment property over the specified years and discounted by a discount rate. The valuation exercise also relies on the accuracy of the underlying leases and financial information provided to the independent professional valuers by Bowsprit Capital Corporation Limited, the manager of the Trust (the "**Manager**" or "**management**").

We assessed the processes used by management for the selection of the independent professional valuers, the determination of the scope of work of these independent professional valuers, and management's review of the valuations reported by these independent professional valuers. The independent professional valuers used by management have considerable experience in the markets in which the properties are located.

Valuation of investment properties (continued)

With assistance from our own valuation specialist, we assessed the independence, competence and experience of the independent professional valuers. We obtained all the independent professional valuers' reports and confirmed that the valuations were performed in accordance with international valuation professional standards and that the methodology adopted was appropriate by reference to acceptable valuation practice, FRS 40 and FRS 113.

We challenged the key assumptions upon which the valuations were based including those relating to future rental income, growth rates, discount rates and terminal rates by making a comparison to our own understanding of the market by benchmarking to external market data, where possible and key assumptions by benchmarking to external market data where possible, and obtained an understanding of the reasons for significant or unusual movements in the property values by forming our own view on the general market conditions with reference to the key assumptions noted above. We compared the information provided by management to the independent professional valuers, such as rental income and property costs to available supporting documents. We also considered the adequacy of the disclosures about the degree of critical judgement and estimation made when measuring the fair values of these properties as disclosed in Notes 2C and 13 respectively.

The testing performed in relation to the final fair values of the investment properties proved to be satisfactory.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement of the Trustee, statement by the Manager, corporate profile, financial highlights, trust structure, corporate information, property overview, corporate governance and statistics of unitholdings, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The management's responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Auditor's responsibilities for the audit of the financial statements (continued)

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chow Khen Seng.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

5 March 2020

Engagement partner – effective from year ended 31 December 2019

STATEMENTS OF TOTAL RETURN

Year Ended 31 December 2019

	Notes	Group 2019 S$'000	Group 2018 S$'000	Trust 2019 S$'000	Trust 2018 S$'000
Rental and other income	4	115,297	116,198	65,630	64,685
Property operating expenses	5	(2,403)	(1,807)	(237)	(250)
Net property and other income		112,894	114,391	65,393	64,435
Interest income		2,364	1,690	1,555	1,541
Manager's management fees	6	(11,401)	(11,435)	(11,357)	(11,391)
Trustee fees	3	(430)	(427)	(430)	(427)
Finance costs	7	(20,390)	(21,614)	(20,390)	(21,614)
Other expenses	8	(1,002)	(2,298)	(926)	(1,619)
Net income before the undernoted		82,035	80,307	33,845	30,925
Net fair value losses on investment properties	13	(5,607)	(5,358)	(512)	(912)
Net fair value losses of derivatives financial instruments	27	(1,040)	(174)	(1,040)	(174)
Total return for the year before income tax		75,388	74,775	32,293	29,839
Income tax (expense)/benefit	9	(26,472)	1,100	99	155
Total return for the year after income tax		48,916	75,875	32,392	29,994
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations, net of tax		(133)	370	–	–
Total comprehensive return for the year		48,783	76,245	32,392	29,994
Total return attributable to:					
Unitholders of the Trust		45,508	72,467	28,984	26,586
Perpetual securities holders		3,408	3,408	3,408	3,408
		48,916	75,875	32,392	29,994
Total comprehensive return attributable to:					
Unitholders of the Trust		45,375	72,837	28,984	26,586
Perpetual securities holders		3,408	3,408	3,408	3,408
		48,783	76,245	32,392	29,994
Earnings per unit in cents					
Basic and diluted	10	5.74	9.23	N/A	N/A

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF DISTRIBUTION

Year Ended 31 December 2019

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Amount available for distribution to unitholders at beginning of the year	17,014	16,777	17,014	16,777
Total return for the year after income tax	48,916	75,875	32,392	29,994
Adjustments for tax purposes (Note A)	19,524	(8,096)	36,048	37,785
	68,440	67,779	68,440	67,779
Amount available for distribution to unitholders	85,454	84,556	85,454	84,556
Total distribution paid to unitholders (Note 11)	(68,285)	(67,542)	(68,285)	(67,542)
Amount available for distribution to unitholders at end of the year (Note 11A and Note 32)	17,169	17,014	17,169	17,014
Distribution per unit (cents)	8.60	8.60	8.60	8.60
Note A – Adjustments for tax purposes:				
Manager's management fees settled in units	9,747	9,459	9,747	9,459
Change in fair values of investment properties, net of deferred tax	13,361	(14,343)	414	757
Net fair value losses of derivatives financial instruments	1,040	174	1,040	174
Capital repayment	–	–	28,919	30,406
Amount reserved for distribution to perpetual securities holders	(3,408)	(3,408)	(3,408)	(3,408)
Foreign exchange adjustment (gains)/losses	(245)	380	(245)	380
Other non-tax deductible items and adjustments	(971)	(358)	(419)	17
	19,524	(8,096)	36,048	37,785

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2019

ASSETS	Notes	Group 2019 S$'000	Group 2018 S$'000	Trust 2019 S$'000	Trust 2018 S$'000
Non-current assets					
Plant and equipment	12	55	68	–	–
Investment properties	13	1,340,780	1,345,295	34,500	34,900
Investments in subsidiaries	14	–	–	754,569	778,734
Loan receivable, non-current	17	–	–	34,661	39,415
Deferred tax assets	9	1,467	1,368	1,467	1,368
Other receivable, non-current	15	–	27,035	–	–
Total non-current assets		1,342,302	1,373,766	825,197	854,417
Current assets					
Trade and other receivables, current	16	48,833	32,391	8,471	17,548
Loan receivable, current	17	–	–	4,191	4,191
Other financial assets, current	18	–	26	–	–
Other assets, current	19	3,021	4,833	912	251
Cash and cash equivalents	20	32,980	27,758	26,084	18,314
Total current assets		84,834	65,008	39,658	40,304
Total assets		1,427,136	1,438,774	864,855	894,721
Non-current liabilities					
Deferred tax liabilities	9	39,703	31,850	–	–
Other financial liabilities, non-current	24	486,410	386,761	486,410	386,761
Derivatives financial instruments	27	1,253	250	1,253	250
Total non-current liabilities		527,366	418,861	487,663	387,011
Current liabilities					
Income tax payable	9	1,951	1,989	–	–
Trade and other payables, current	25	18,840	16,135	26,070	17,176
Other financial liabilities, current	24	–	109,658	–	109,658
Other liabilities, current	26	23,043	22,793	2,004	1,965
Derivatives financial instruments	27	222	185	222	185
Total current liabilities		44,056	150,760	28,296	128,984
Total liabilities		571,422	569,621	515,959	515,995
Represented by:					
Net assets attributable to unitholders		794,836	808,275	288,018	317,848
Perpetual securities holders	22	60,878	60,878	60,878	60,878
Total net assets	21	855,714	869,153	348,896	378,726
Units in issue ('000)	21	797,675	788,480	797,675	788,480
Net asset value per unit in cents attributable to unitholders	21	99.64	102.51	36.11	40.31

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year Ended 31 December 2019

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
OPERATIONS				
Balance at 1 January	808,275	791,437	317,848	347,261
Total return attributable to unitholders of Trust	48,916	75,875	32,392	29,994
UNITHOLDERS' TRANSACTIONS (Note 21)				
Manager's acquisition fees settled in units	–	270	–	270
Manager's management fees settled in units	9,471	9,113	9,471	9,113
Distribution settled in units	–	2,160	–	2,160
Change in net assets resulting from creation of units	9,471	11,543	9,471	11,543
Amount reserved for distribution to perpetual securities holders	(3,408)	(3,408)	(3,408)	(3,408)
Distributions to unitholders (Note 11)	(68,285)	(67,542)	(68,285)	(67,542)
Net decrease in net assets resulting from unitholders' transactions	(62,222)	(59,407)	(62,222)	(59,407)
FOREIGN EXCHANGE RESERVE				
Net movement in other comprehensive income	(133)	370	–	–
Total unitholders' funds at 31 December	794,836	808,275	288,018	317,848
PERPETUAL SECURITIES				
Balance at 1 January	60,878	60,878	60,878	60,878
Total return attributable to perpetual securities holders	3,408	3,408	3,408	3,408
Distribution to perpetual securities holders	(3,408)	(3,408)	(3,408)	(3,408)
Balance at 31 December	60,878	60,878	60,878	60,878
Total	855,714	869,153	348,896	378,726

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Year Ended 31 December 2019

	Group		Trust	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Cash flows from operating activities				
Total return before income tax	75,388	74,775	32,293	29,839
Adjustments for:				
Interest income	(2,364)	(1,690)	(1,555)	(1,541)
Interest expense	17,493	16,500	17,493	16,500
Depreciation expenses	13	–	–	–
Amortisation of borrowing costs	2,897	5,114	2,897	5,114
Foreign exchange (gains)/losses	(245)	380	(245)	380
Dividend income	–	–	(61,639)	(60,772)
Losses on disposal of quoted shares	7	–	–	–
Decrease in fair value of investment properties	5,607	5,358	512	912
Net fair value losses of derivatives financial instruments	1,040	174	1,040	174
Manager's management fees settled in units	4,878	4,718	4,878	4,718
Operating cash flows before changes in working capital	104,714	105,329	(4,326)	(4,676)
Trade and other receivables, current	10,589	(6,211)	9,096	(4,261)
Other assets, current	1,812	(260)	(661)	(226)
Trade and other payables, current	1,467	(6,907)	7,656	(11,580)
Other liabilities, current	250	(2)	39	39
Net cash flows from/(used in) operating activities before income tax	118,832	91,949	11,804	(20,704)
Income taxes paid	(18,756)	(18,611)	–	–
Net cash flows from/(used in) operating activities	100,076	73,338	11,804	(20,704)
Cash flows from investing activities				
Increase in investment properties	(1,202)	(1,178)	(112)	(312)
Net movements in amounts due from subsidiaries	–	–	90,558	91,334
Interest received	2,345	1,690	1,536	1,541
Purchase of plant and equipment	–	(68)	–	–
Investment in quoted shares	(620)	(26)	–	–
Disposal of quoted shares	639	–	–	–
Net cash flows from investing activities	1,162	418	91,982	92,563
Cash flows from financing activities				
Distribution to unitholders	(68,285)	(65,382)	(68,285)	(65,382)
Increase in borrowings	100,000	24,000	100,000	24,000
Repayment of borrowings	(110,000)	–	(110,000)	–
Interest paid	(14,323)	(16,949)	(14,323)	(16,949)
Distribution to perpetual securities holders	(3,408)	(3,408)	(3,408)	(3,408)
Net cash flows used in financing activities	(96,016)	(61,739)	(96,016)	(61,739)
Net increase in cash and cash equivalents	5,222	12,017	7,770	10,120
Cash and cash equivalents, statement of cash flows, beginning balance	27,758	15,741	18,314	8,194
Cash and cash equivalents, statement of cash flows, ending balance (Note 20)	32,980	27,758	26,084	18,314

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PORTFOLIO

As at 31 December 2019

	Carrying value as at 31.12.2019 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %	Carrying value as at 31.12.2018 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2018 %
Group:				
Investment properties in Indonesia	1,298,200	163.33	1,301,800	161.06
Investment properties in Singapore	34,500	4.34	34,900	4.32
Investment property in South Korea	8,080	1.02	8,595	1.06
Portfolio of investment properties at valuation – total	1,340,780	168.69	1,345,295	166.44
Other net liabilities	(485,066)	(61.03)	(476,142)	(58.91)
Net assets attributable to holders	855,714	107.66	869,153	107.53
Perpetual securities	(60,878)	(7.66)	(60,878)	(7.53)
Net assets attributable to unitholders	794,836	100.00	808,275	100.00

	Carrying value as at 31.12.2019 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %	Carrying value as at 31.12.2018 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2018 %
Trust:				
Investment properties in Singapore	34,500	11.98	34,900	10.98
Portfolio of investment properties at valuation – total	34,500	11.98	34,900	10.98
Investments in subsidiaries	754,569	261.99	778,734	245.00
Other net liabilities	(440,173)	(152.83)	(434,908)	(136.83)
Net assets attributable to holders	348,896	121.14	378,726	119.15
Perpetual securities	(60,878)	(21.14)	(60,878)	(19.15)
Net assets attributable to unitholders	288,018	100.00	317,848	100.00

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PORTFOLIO

As at 31 December 2019

By Geographical Area

Description of Property / Location / Acquisition Date / Type of Property / Land Title Type / Term of Lease[(a)] / Remaining Term of Lease[(b)]	Gross floor area in square metres	Carrying value as at 31.12.2019 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %	Carrying value as at 31.12.2018 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2018 %
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 10+10 years/ 8 years	3,593	9,400	1.18	9,500	1.18
Pacific Healthcare Nursing Home II @ Bukit Panjang 21 Senja Road, Singapore 677736 11 April 2007, Nursing Home 30 years leasehold from 2003 10+10 years/ 8 years	3,563	9,600	1.21	9,700	1.20
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10+10 years/ 18 years	4,005	15,500	1.95	15,700	1.94
Portfolio of Investment Properties held by the Trust at Valuation – Sub-total		34,500	4.34	34,900	4.32
Indonesia					
Siloam Hospitals Lippo Village Jalan Siloam No. 6 Lippo Karawaci 1600 Tangerang 15811, Banten, Indonesia 11 December 2006, Hospital Hak Guna Bangunan ("**HGB**") 15+15 years/ 17 years	27,284	162,400	20.43	162,300	20.08
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, West Jakarta 11530, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 17 years	18,316	93,700	11.79	96,200	11.90

The accompanying notes form an integral part of these financial statements.

By Geographical Area (continued)

Description of Property / Location / Acquisition Date / Type of Property / Land Title Type / Term of Lease[(a)] / Remaining Term of Lease[(b)]	Gross floor area in square metres	Carrying value as at 31.12.2019 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %	Carrying value as at 31.12.2018 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2018 %
Indonesia (continued)					
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70, Gubeng Surabaya, East Java 60281, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 17 years (Also see Note 29)	9,227	27,900	3.51	28,100	3.48
Imperial Aryaduta Hotel & Country Club Jalan Boulevard Jendral Sudirman, Kav. 401, Lippo Village 1300, Tangerang 15811, Banten, Indonesia 11 December 2006, Hotel & Country Club HGB 15+15 years/ 17 years	17,427	41,000	5.16	40,600	5.02
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi Central Jakarta 12930, Indonesia 30 December 2010, Hospital HGB 15+15 years/ 21 years	37,933	266,300	33.50	267,300	33.07
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105 Lippo Cikarang, Bekasi, Indonesia 17550 31 December 2010, Hospital HGB 15+15 years/ 21 years	13,256	53,500	6.73	54,000	6.68
Siloam Hospitals Manado & Hotel Aryaduta Manado Jalan Sam Ratulangi No. 22, Komplek Boulevard Center Jalan Piere Tendean No. 1, Manado North Sulawesi Indonesia 95111 30 November 2012, Hospital & Hotel HGB 15+15 years/ 23 years	36,051	103,100	12.97	104,500	12.93

The accompanying notes form an integral part of these financial statements.

By Geographical Area (continued)

Description of Property / Location / Acquisition Date / Type of Property / Land Title Type / Term of Lease[(a)] / Remaining Term of Lease[(b)]	Gross floor area in square metres	Carrying value as at 31.12.2019 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %	Carrying value as at 31.12.2018 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2018 %
Indonesia (continued)					
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5 Makassar City, South Sulawesi, Indonesia 30 November 2012, Hospital HGB 15+15 years/ 23 years	14,307	73,300	9.22	72,900	9.02
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 24 years	20,958	124,400	15.65	123,800	15.32
Siloam Hospitals TB Simatupang Jalan Letjend. TB Simatupang, Jalan R.A. Kartini No. 8, Cilandak, South Jakarta, Indonesia 22 May 2013, Hospital HGB 15+15 years/ 24 years	18,605	118,900	14.96	119,400	14.77
Siloam Hospitals Purwakarta Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 25 years	8,254	42,000	5.29	40,400	5.00
Siloam Sriwijaya Jalan POM IX, Komplek Palembang Square, Palembang, South Sumatra, Indonesia 29 December 2014, Hospital Strata Title on Build, Operate and Transfer scheme 15+15 years/ 25 years	15,709	41,300	5.20	41,600	5.15
Siloam Hospitals Kupang & Lippo Plaza Kupang Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia 14 December 2015, Hospital & Mall Build, Operate and Transfer scheme 15+15 years/ 26 years	55,368	73,700	9.27	74,100	9.17

The accompanying notes form an integral part of these financial statements.

By Geographical Area (continued)

Description of Property / Location / Acquisition Date / Type of Property / Land Title Type / Term of Lease[(a)] / Remaining Term of Lease[(b)]	Gross floor area in square metres	Carrying value as at 31.12.2019 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %	Carrying value as at 31.12.2018 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2018 %
Indonesia (continued)					
Siloam Hospitals Labuan Bajo Jalan Gabriel Gampur, Gorontalo, Komodo, Manggarai Barat, Nusa Tenggara Timur, Indonesia 30 December 2016, Hospital HGB 15+15 years/ 27 years	7,604	20,900	2.63	20,600	2.55
Siloam Hospitals Buton & Lippo Plaza Buton Jalan Sultan Hasanuddin No. 50, 52, 54 and 58 Bau Bau, Sulawesi Tenggara, Indonesia 10 October 2017, Hospital & Mall Build, Operate and Transfer scheme 15+15 years/ 28 years	21,934	28,700	3.61	28,800	3.56
Siloam Hospitals Yogyakarta Jalan Laksda Adi Sucipto No. 32-34 Yogyakarta, Indonesia 22 December 2017, Hospital HGB 15+15 years/ 28 years	12,474	27,100	3.41	27,200	3.36
South Korea					
Sarang Hospital No. 9 Bongsannam 3rd Street, Yeosu City Jeonranam-do, South Korea 5 August 2011, Hospital Freehold 10+10 years/ 12 years	4,982	8,080	1.02	8,595	1.06
Portfolio of Investment Properties Held by the Group at Valuation – Total		1,340,780	168.69	1,345,295	166.44

Notes:

(a): This refers to the tenure of underlying land except for Siloam Sriwijaya which is held on a strata title basis under a Build, Operate and Transfer ("**BOT**") scheme, and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton which are under BOT schemes.

(b): Remaining terms of lease assumes the extension of land leases except for Siloam Sriwijaya which is held under strata title basis under a BOT scheme, and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton which are under BOT schemes.

The accompanying notes form an integral part of these financial statements.

1. General

First Real Estate Investment Trust (the "**Trust**") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 19 October 2006 ("**Trust Deed**") (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplemental Deed dated 1 November 2017 and Fifth Supplemental Deed dated 22 May 2018) entered into between Bowsprit Capital Corporation Limited (the "**Manager**") and Perpetual (Asia) Limited (the "**Trustee**"), governed by the laws of Singapore.

The Trust is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The principal activity of the Trust and its subsidiaries (the "**Group**") is to invest in a portfolio of income producing real estate properties, which are primarily used for healthcare and healthcare-related purposes. The primary objective is to deliver regular and stable distributions to unitholders and to achieve long-term growth in the net asset value per unit.

The registered office of the Manager is 50 Collyer Quay #06-01 OUE Bayfront Singapore 049321.

The financial statements were approved and authorised for issue by the board of directors of the Manager on 5 March 2020. The financial statements are for the Trust and the Group.

Accounting convention

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("**MAS**") and the provisions of the Trust Deed. RAP 7 requires that the accounting policies should generally comply with the principles relating to recognition and measurement of the Financial Reporting Standards ("**FRSs**") issued by the Accounting Standards Council.

The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

The financial statements are presented in Singapore dollars, recorded to the nearest thousand, unless otherwise stated.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Trust and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

1. General (continued)

Basis of presentation (continued)

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The Trust's separate financial statements have been prepared on the same basis.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Net assets attributable to unitholders

RAP 7 requires that the units are recognised on initial recognition as equity. The net assets attributable to unitholders comprise the residual interest in the assets of the unit trust after deducting its liabilities. Under RAP 7, distributions are accrued for at the reporting year end date if the Manager has the discretion to declare distributions without the need for unitholder or Trustee approval and a constructive or legal obligation has been created. Distributions to unitholders have been recognised as liabilities when they are declared.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Rental and other income

(i) Rental income from operating leases

Rental income is recognised from operating leases as income on either a straight-line basis or another systematic basis which is used if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

(ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Rental and other income (continued)

(iii) Dividend income

Dividend from an equity instrument is recognised as income when the entity's right to receive payment is established.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency of the Trust is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of foreign entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of unitholders' funds until the disposal of that relevant reporting entity.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in unitholders' funds if the tax is related to an item recognised directly in unitholders' funds. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Segment reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Subsidiaries (continued)

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Joint arrangements – joint operations

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint operation, the parties with joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. The reporting entity recognises its share of the operation's assets, liabilities, income and expenses that are combined line by line with similar items in the reporting entity's financial statements and accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses. When the reporting entity enters into a transaction with a joint operation, such as a sale or contribution of assets, the reporting entity recognises gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rate of depreciation is as follows:

Plant and equipment	–	20%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

The gain or loss arising from the derecognition of an item of plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Plant and equipment (continued)

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Investment properties

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the fair value model is used to measure the investment property at fair value as of the end of the reporting year. A gain or loss arising from a change in the fair value of investment property is included in profit or loss for the reporting year in which it arises. The fair values are measured periodically on a systematic basis at least once yearly by independent professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

Unit-based payments

The issued capital is increased by the fair value of units issued for the transaction.

Lessor

As a lessor, the reporting entity classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease, the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis over the term of the lease.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL, that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("**FVTOCI**"): There were no financial assets classified in this category at reporting year end date.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Financial instruments (continued)

3. Financial asset that is an equity investment measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.

4. Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date.

The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

In making the fair value measurement for a non-financial asset, management determines the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis.

2B. Other explanatory information

Units and perpetual securities

Proceeds from the issuance of units and perpetual securities are recognised as equity. Issue expenses relating to issuance of units and perpetual securities are deducted directly from the net assets attributable to the unitholders and perpetual securities holders respectively.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

2. Significant accounting policies and other explanatory information (continued)

2C. Critical judgements, assumptions and estimation uncertainties (continued)

Fair values of investment properties:

The Group carries the investment properties at fair value in the statement of financial position and engages independent professional valuers to undertake annual valuations. The measurements of fair value of the investment properties are based on certain calculations which require the use of estimates and assumptions in relation to factors such as future rental income, growth rates, discount rates, terminal rates and assumed that the renewal option leases contain similar terms and conditions as the existing leases and therefore there is significant measurement uncertainty involved in the measurement of fair value. The assumptions and the fair values are disclosed in Note 13 on investment properties.

Allowance for doubtful trade receivables:

The Group has 5 (2018: 5) customers and which can be graded as low risk individually save for 1 customer (2018: 1). These trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. At the end of the reporting year a loss allowance is recognised at an amount equal to 12 month expected credit losses ("**ECL**") because there has not been a significant increase in credit risk since initial recognition. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in Note 16 on trade and other receivables.

Deferred tax: recovery of underlying assets:

The deferred tax relating to an asset is dependent on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model for investment property or when the revaluation model is required or permitted by a Financial Reporting Standard for a non-financial asset. Management has taken the view that as there is clear evidence that the entity will consume the relevant asset's economic benefits throughout its economic life. The amount is in Note 9 on income tax.

3. Related party relationships and transactions

3A. Related party transactions:

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

3. Related party relationships and transactions (continued)

3A. Related party transactions (continued):

There are transactions and arrangements between the Group and the Trust with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and financial guarantees if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise. Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Group		Trust	
	2019 S$'000	2018 S$'000 Restated	2019 S$'000	2018 S$'000
Property rental income[(a)]	96,001	97,128[(b)]	–	–
The Manager				
Management fees	(11,401)	(11,435)	(11,357)	(11,391)
The Trustee				
Trustee fees	(430)	(427)	(430)	(427)

On 26 October 2018, OUE Limited ("**OUE**") and OUE Lippo Healthcare Limited ("**OUELH**") completed the acquisition of a 60% and 40% interest respectively in Bowsprit Capital Corporation Limited, the manager of First REIT from LK REIT Management Pte. Ltd., an indirect wholly owned subsidiary of PT Lippo Karawaci Tbk ("**Lippo Karawaci**").

From 26 October 2018, the immediate parent company of the Manager is OUE Limited, a company incorporated in Singapore.

(a) The property rental income represents the rental income from Lippo Karawaci, (a former parent company of the Trust) and its subsidiaries.

(b) Lippo Karawaci announced it had restated its consolidated financial statements for financial year ended 31 December 2018 to reclassify its investment in First REIT from financial assets at FVTOCI to an investment in associate following a review by the Indonesian Financial Service Authority on 24 May 2019.

The lessees, Lippo Karawaci and its subsidiaries, have provided bank guarantees of S$50,268,000 (2018: S$49,726,000) in lieu of the security deposits for rental income from the properties and asset-enhancement transaction in relation to Siloam Hospitals Surabaya. These guarantees which expired in 2019 have been renewed up to March, May, August, September, November and December 2020 as appropriate.

The Group and the Trust have no employees. All the required services are provided by the Manager and external service providers.

3. Related party relationships and transactions (continued)

3A. Related party transactions (continued):

The Trust has entered into several service agreements in relation to the management of the Trust. The fee structures of these services are as follows:

(A) Manager's Fees

Under the Trust Deed, the Manager is entitled to management fees comprising the base fee and performance fee as follows:

(i) A base fee of 0.4% (2018: 0.4%) per annum of the value of the Deposited Property. Any increase in the rate of the base fee above the permitted limit or any change in the structure of the base fee shall be approved by an extraordinary resolution of a meeting of unitholders. The Manager may opt to receive the base fee in the form of units and/or cash.

(ii) A performance fee fixed at 5.0% (2018: 5.0%) per annum of the Group's Net Property Income ("**NPI**") or the NPI of the relevant Special Purpose Companies ("**SPCs**") for each year. NPI in relation to a real estate in the form of land, whether directly held by the Trustee or indirectly held by the Trustee through a SPC, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units and/or cash. Based on the First Amending & Restating Deed dated 23 March 2016, the performance fees for the financial year is computed based on audited accounts relating to the relevant SPCs.

(iii) Manager's acquisition fee determined at 1.0% (2018: 1.0%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

(iv) A divestment fee at 0.5% (2018: 0.5%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

(B) Trustee Fees

Under the Trust Deed, the Trustee is entitled to an annual fee not exceeding 0.1% (2018: 0.1%) of the value of the Deposited Property (as defined in the Trust Deed).

The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is subject to review every three years.

3B. Key management compensation

The Trust obtains key management personnel services from the Manager.

Key management personnel of the Manager, include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly. Further information about the remuneration of individual directors of the Manager is provided in the report on corporate governance of the Trust.

3. Related party relationships and transactions (continued)

3C. Interests in the Trust:

	Units held		% interest held	
	2019	2018	2019	2018
The Manager				
Bowsprit Capital Corporation Limited	66,041,697	56,847,107	8.28	7.21
The director of the Manager				
Mr. Tan Kok Mian Victor	102,569	52,569	*	*

* Amount is less than 1%

4. Rental and other income

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Rental income	115,295	116,198	3,991	3,913
Dividend income from quoted equity shares at FVTPL	2	–	–	–
Dividend income from subsidiaries	–	–	61,639	60,772
	115,297	116,198	65,630	64,685

5. Property operating expenses

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Property tax expense	193	170	193	170
Valuation expenses	275	251	22	21
Professional fees	938	813	19	59
Impairment allowance on trade receivables	624	353	–	–
Others	373	220	3	–
	2,403	1,807	237	250

6. Manager's management fees

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Base fees (Note 3A)	5,756	5,715	5,712	5,671
Performance fees (Note 3A)	5,645	5,720	5,645	5,720
	11,401	11,435	11,357	11,391

7. Finance costs

	Group and Trust 2019 S$'000	2018 S$'000
Interest expense	17,493	16,500
Amortisation of borrowing costs	2,897	5,114
	20,390	21,614

Included in the 2018 amortisation of borrowing costs was S$2,639,000 (2019: Nil) of costs written off due to loans which were refinanced in 2018.

8. Other expenses

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Foreign exchange (gains)/ losses	(163)	1,051	(228)	372
Handling and processing fees	285	308	285	308
Professional fees	384	422	384	422
Project expenses	286	294	286	294
Others	210	223	199	223
	1,002	2,298	926	1,619

Total fees to the auditors:

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Audit fees to independent auditors of the Trust	280	282	166	166
Audit fees to other independent auditors	233	236	–	–
Non-audit fees to independent auditors of the Trust	77	77	77	77
Non-audit fees to other independent auditors	208	130	–	–

Total fees to independent auditors are included in property operating expenses (Note 5) and other expenses (Note 8).

9. Income tax

9A. Components of tax expense/(benefit) recognised in profit or loss include:

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Current tax expense:				
Current tax expense	18,718	18,601	–	–
Subtotal	18,718	18,601	–	–
Deferred tax expense/(benefit):				
Deferred tax expense/(benefit)	7,754	1,870	(99)	(155)
Over adjustments in respect of prior periods	–	(21,571)	–	–
Subtotal	7,754	(19,701)	(99)	(155)
Total income tax expense/(benefit)	26,472	(1,100)	(99)	(155)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2018: 17%) to profit or loss before income tax as a result of the following differences:

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Total return before income tax	75,388	74,775	32,293	29,839
Income tax expense at the above rate	12,816	12,712	5,490	5,073
Non-deductible/(liable to tax) items	6,501	6,437	(5,192)	(4,810)
Effect of different tax rates in different countries	479	(5,248)	–	–
Foreign withholding tax	7,073	6,988	–	–
Over adjustments in respect of prior periods	–	(21,571)	–	–
Tax transparency[(a)]	(397)	(418)	(397)	(418)
Total income tax expense/(benefit)	26,472	(1,100)	(99)	(155)

The amount of current income taxes payable as at the end of the reporting year was S$1,951,000 (2018: S$1,989,000) for the Group. Such an amount is net of tax advances, which according to the tax rules, were paid before the end of the reporting year.

(a) There is a tax ruling issued by the Inland Revenue Authority of Singapore (the "**IRAS**") to grant tax transparency treatment on rental and other related income derived by the Trust. Under this tax transparency treatment, subject to meeting the terms and conditions of the tax ruling, the Trustee is not subject to tax on such taxable income to the extent of the amount distributed to unitholders. Instead, the distributions made by the Trust out of such taxable income are subject to tax in the hands of unitholders, unless they are exempt from tax on such distributions. For taxable income that is not distributed, tax on such amount of taxable income will be assessed on the Trust.

9. Income tax (continued)

9B. Deferred tax expense/(benefit) recognised in profit or loss include:

	Group 2019 S$'000	Group 2018 S$'000	Trust 2019 S$'000	Trust 2018 S$'000
Deferred tax relating to the changes in fair value of investment properties	7,754	(19,701)	(99)	(155)

9C. Deferred tax balance in the statement of financial position:

	Group 2019 S$'000	Group 2018 S$'000	Trust 2019 S$'000	Trust 2018 S$'000
Deferred tax (liabilities)/assets recognised in profit or loss:				
Deferred tax relating to the changes in fair value of investment properties	(38,236)	(30,482)	1,467	1,368

Presented in the statements of financial position as follows:

	Group 2019 S$'000	Group 2018 S$'000	Trust 2019 S$'000	Trust 2018 S$'000
Deferred tax liabilities	(39,703)	(31,850)	–	–
Deferred tax assets	1,467	1,368	1,467	1,368
Net balance	(38,236)	(30,482)	1,467	1,368

It is impracticable to estimate the amount expected to be settled or used within one year.

At the end of the reporting year, the aggregate amounts of temporary differences associated with investments in investees for which deferred tax liabilities have not been recognised were in relation to the fair value gains on investment properties in the foreign subsidiaries which may be subject to withholding tax if paid as dividends on realisation of the fair value gains. As mentioned in the accounting policy in Note 2, no liability has been recognised in respect of these differences:

	Group 2019 S$'000	Group 2018 S$'000
Foreign subsidiaries	68,827	70,741

10. Earnings per unit

The following table illustrates the numerators and denominators used to calculate basis and diluted earnings per unit of no par value:

	Group	
	2019	2018
Denominator: Weighted average number of units outstanding during the year ('000)	793,376	785,322
Numerator: Earnings attributable to unitholders		
Total return after income tax (S$'000)	45,508	72,467
Earnings per unit (in cents)		
Basic and diluted	5.74	9.23

The weighted average number of units refers to units in circulation during the reporting year.

The diluted earnings per unit is the same as the basic earnings per unit as there were no dilutive instruments in issue during the reporting year.

11. Distributions to unitholders

	Group and Trust	
	2019 S$'000	2018 S$'000
Total distribution paid during the year:		
Distribution of 2.15 cents per unit for the period from 1 October 2017 to 31 December 2017	–	16,798
Distribution of 2.15 cents per unit for the period from 1 January 2018 to 31 March 2018	–	16,878
Distribution of 2.15 cents per unit for the period from 1 April 2018 to 30 June 2018	–	16,914
Distribution of 2.15 cents per unit for the period from 1 July 2018 to 30 September 2018	–	16,952
Distribution of 2.15 cents per unit for the period from 1 October 2018 to 31 December 2018	16,991	–
Distribution of 2.15 cents per unit for the period from 1 January 2019 to 31 March 2019	17,045	–
Distribution of 2.15 cents per unit for the period from 1 April 2019 to 30 June 2019	17,099	–
Distribution of 2.15 cents per unit for the period from 1 July 2019 to 30 September 2019	17,150	–
	68,285	67,542

11. Distributions to unitholders (continued)

11A. Distribution per unit

	Group and Trust 2019 Cents per unit	2018 Cents per unit	2019 S$'000	2018 S$'000
Based on the number of units in issue at the dates of distributions	8.60	8.60	68,463	67,681

Distribution Type

Name of Distribution: Distribution during the period (interim distributions)

Distribution Type: Income/Capital

Distribution Rate:	Group and Trust 2019 Cents per unit	2018 Cents per unit	2019 S$'000	2018 S$'000
Taxable Income[(a)]:	0.24	0.24	1,909	1,811
Tax-exempt Income[(b)]:	3.50	3.32	27,833	26,119
Capital[(c)]:	2.71	2.89	21,552	22,737
Subtotal:	6.45	6.45	51,294	50,667

Name of Distribution: Distribution declared subsequent to end of the reporting year (final distribution) (See Note 32a)

Distribution Type: Income/Capital

Distribution Rate:	Group and Trust 2019 Cents per unit	2018 Cents per unit	2019 S$'000	2018 S$'000
Taxable Income[(a)]:	0.09	0.07	699	557
Tax-exempt Income[(b)]:	1.15	1.12	9,189	8,873
Capital[(c)]:	0.91	0.96	7,281	7,584
Subtotal:	2.15	2.15	17,169	17,014

Total annual distribution paid or declared				
Taxable Income[(a)]:	0.33	0.31	2,608	2,368
Tax-exempt Income[(b)]:	4.65	4.44	37,022	34,992
Capital[(c)]:	3.62	3.85	28,833	30,321
Total:	8.60	8.60	68,463	67,681

(a) Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from Singapore income tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. The Monetary Authority of Singapore has announced that the 10% tax concession has been extended till 31 December 2025.

All other investors will receive their distributions after deduction of tax at the rate of 17% (2018: 17%).

11. Distributions to unitholders (continued)

11A. Distribution per unit (continued)

(b) Tax-exempt income distribution is exempt from Singapore income tax in the hands of all unitholders.

(c) Capital distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who are liable to Singapore income tax on profits from the sale of the Trust's units, the amount of capital distribution will be applied to reduce the cost base of their Trust's units for Singapore income tax purposes.

Current Distribution Policy:

The Trust's current distribution policy is to distribute at least 90.0% (2018: 90.0%) of its taxable and tax-exempt income (after deduction of applicable expenses) and certain capital receipts. The capital receipts comprise amounts received by the Trust from redemption of redeemable preference shares and shareholder loans in the Singapore subsidiaries.

12. Plant and equipment

	Plant and equipment S$'000
Group:	
Cost:	
At 1 January 2018	–
Additions	68
At 31 December 2018 and 31 December 2019	68
Accumulated depreciation:	
At 1 January 2018	–
Depreciation	*
At 31 December 2018	*
Depreciation	13
At 31 December 2019	13
Carrying amount:	
At 1 January 2018	–
At 31 December 2018	68
At 31 December 2019	55

* Amount is less S$1,000.

Depreciation expense is recorded in other expenses.

13. Investment properties

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
At fair value:				
Balance at beginning of the year	1,345,295	1,349,303	34,900	35,500
Additions at cost	1,202	1,178	112	312
Translation differences	(110)	172	–	–
Change in fair value included in statements of total return (Level 3)	(5,607)	(5,358)	(512)	(912)
Balance at end of the year	1,340,780	1,345,295	34,500	34,900
Rental income from investment properties	115,295	116,198	3,991	3,913
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the reporting year	(2,403)	(1,807)	(237)	(250)

The decrease in fair value is due to adverse changes in key inputs. The Group's portfolio consists of properties located in Indonesia, Singapore and South Korea (see the statements of portfolio). These investment properties include the mechanical and electrical equipment located in the respective properties.

The fair value of each investment property was measured on 5 December 2019 and updated to 31 December 2019 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The valuations were based on the discounted cash flow and direct capitalisation methods as appropriate. The fair values were based on valuations made by independent professional valuers on a systematic basis at least once yearly. In relying on the valuation reports, management is satisfied that the independent professional valuers have appropriate professional qualifications, are independent and have recent experience in the location and category of the properties being valued. There have been no changes to the valuation techniques during the year. Management determined that the highest and best use of the assets are the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

13. Investment properties (continued)

The key assumptions and inputs for the fair value calculations are as follows:

	2019	2018
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties		
Indonesia	9.30% to 10.40%	9.65% to 10.25%
Singapore	8.75%	8.50% to 8.75%
South Korea	Note 1	Note 1
2. Growth rates based on escalation rate in the lease agreements		
Indonesia	#(A)	#(A)
Singapore	2.00%	2.00%
South Korea	Note 1	Note 1
3. Cash flow forecasts derived from recent budget (assuming renewal of current leases based on similar terms and conditions as the existing leases where applicable)		
Indonesia	1 to 25 years	2 to 26 years
Singapore	10 years	10 years
South Korea	Note 1	Note 1
4. Terminal rate#(B)		
Indonesia	8.50% to 9.40%	8.16% to 10.50%
Singapore	7.25% to 7.50%	7.00% to 7.50%
South Korea	Note 1	Note 1
5. Dates of valuations		
Indonesia	5 Dec	5 Nov
Singapore	5 Dec	5 Nov
South Korea	5 Dec	5 Nov

#(A) The growth rate for the base rents were capped at 2.00% (2018: 2.00%) of the preceding 12 months' base rent depending on the Consumer Price Index of Singapore. The variable rent is the amount equivalent from 0.00% to 2.00% (2018: 0.00% to 2.00%) of the tenant's gross revenue for the preceding calendar year, depending on the tenant's gross revenue growth. There is no variable rent for the first three years of the lease of Siloam Hospitals Kupang (since 2015) and the first five years of the leases of Siloam Hospitals Labuan Bajo (since 2016), Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta (since 2017).

#(B) No terminal rate was used for the valuation of Siloam Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton whose respective agreements with the provincial governments only allow for a fixed lease period each. The terminal value for Siloam Hospitals Surabaya used the same contractual value included in the asset enhancement transaction with a subsidiary of Lippo Karawaci (Note 29).

Note 1: The valuations of the South Korea property for 2019 and 2018 were based on the direct capitalisation method. The direct capitalisation method is a valuation method used to convert a single year's income expectancy into a value estimate. The income used is the market rental of this property adjusted for operating expenses (net operating income). An overall capitalisation rate of 6.40% (2018: 10.25%) is applied to the net operating income to arrive at the fair value of the property. The overall capitalisation rate used takes into account the level of risk associated with the property.

13. Investment properties (continued)

The valuations for 2019 were made by the following independent professional valuers:

1. Three Indonesia properties – KJPP Willson & Rekan in association with Knight Frank (2018: Five)

2. Five Indonesia properties – KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. (2018: Five)

3. Four Indonesia properties – Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. in alliance with KJPP Rinaldi Alberth Baroto & Rekan (2018: Four)

4. Three Indonesia properties – Cushman & Wakefield VHS Pte. Ltd. in cooperation with KJPP Firman, Suryantoro, Sugeng, Suzy, Hartomo & Rekan (2018: Two)

5. One Indonesia property – Savills Valuation and Professional Services (S) Pte. Ltd. in cooperation with KJPP Susan Widjojo & Rekan (2018: Nil)

6. Three Singapore properties – Savills Valuation and Professional Services (S) Pte. Ltd. (2018: Nil)

7. South Korea property – Colliers International (Hong Kong) Limited (2018: Nil)

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds from disposal.

Other than Sarang Hospital, Siloam Hospitals Surabaya and Siloam Hospitals Yogyakarta, all the properties are mortgaged as security for the bank facilities (Note 24). Other details on the properties are disclosed in the statements of portfolio.

The types of property titles held by the Group are as follows:

(a) Hak Guna Bangunan ("**HGB**") Title

This title gives the right to construct and own buildings on a plot of land. The right is transferable and may be encumbered. Technically, HGB is a leasehold title which the State retains "ownership". For practical purposes, there is little difference from a freehold title. HGB title is granted for an initial period of up to 30 years and is extendable for a subsequent 20-year period and another 30-year period. Upon the expiration of such extensions, new HGB title may be granted on the same land. The cost of extension is determined based on a certain formula as stipulated by the National Land Office (Badan Pertanahan Nasional) in Indonesia.

(b) Build, Operate and Transfer Scheme ("**BOT Scheme**")

This scheme is a structure in Indonesia for the construction of commercial buildings where Indonesia government owns the relevant land ("**BOT land**"). Under the BOT scheme, the Indonesia government which owns BOT land ("**BOT grantor**") agrees to grant certain rights over the BOT land to another party ("**BOT grantee**").

The BOT grantee can develop the site, subject to the relevant approvals and then operate the buildings constructed on the BOT land for a particular period of time as stipulated in the BOT agreement, including obtaining Strata title certificates on the BOT land. A BOT scheme is granted for an initial period of 20 to 30 years and is extendable upon agreement of both the grantor and grantee. Upon expiration of the term of the BOT agreement, the BOT grantee must return the land, together with any buildings and fixtures on top of the land, without either party providing any form of compensation to the other.

13. Investment properties (continued)

(c) Strata Title

This title gives the party who holds the property the ownership of common areas, common property and common land proportionately with other Strata title owners.

The commencement date of each title varies.

The investment properties are leased out under operating leases (Notes 3 and 30).

Information about fair value measurements using significant unobservable inputs (Level 3)

All fair value measurements of investment properties are categorised within Level 3 of the fair value hierarchy, and a description of the valuation techniques and the significant inputs used in the fair value measurement are as follows:

Description	Valuation technique(s)	Key unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Investment properties	Discounted cash flow method	Discount rate	8.75% to 10.40% (2018: 8.50% to 10.25%)	The higher the discount rate, the lower the fair value.
		Terminal rate	7.25% to 9.40% (2018: 7.00% to 10.50%)	The higher the terminal rate, the lower the fair value.
	Direct capitalisation method	Capitalisation rate	6.40% (2018: 10.25%)	The higher the capitalisation rate, the lower the fair value.

There were no significant inter-relationships between unobservable inputs.

Sensitivity analysis on key estimates:

Indonesia properties:

1. Discount rates

A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows, would have an effect on total return before tax of – lower by S$76,600,000 (2018: S$77,000,000); higher by S$85,100,000 (2018: S$84,200,000) respectively.

2. Growth in rental income

A hypothetical 10% increase or decrease in the rental income, assuming that the renewal option leases contain similar terms and conditions as the existing leases, would have an effect on total return before tax of – higher by S$128,063,000 (2018: S$134,188,000); lower by S$127,667,000 (2018: S$133,938,000) respectively.

13. Investment properties (continued)

Information about fair value measurements using significant unobservable inputs (Level 3) (continued)

Sensitivity analysis on key estimates (continued):

Indonesia properties (continued):

3. Terminal rates

A hypothetical 10% increase or decrease in the terminal rate, would have an effect on total return before tax of – lower by S$44,300,000 (2018: S$44,600,000); higher by S$54,900,000 (2018: S$54,800,000) respectively.

Singapore properties:

1. Discount rates

A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows, would have an effect on total return before tax of – lower by S$1,600,000 (2018: S$800,000); higher by S$1,600,000 (2018: S$800,000) respectively.

2. Growth in rental income

A hypothetical 10% increase or decrease in the rental income, would have an effect on total return before tax of – higher by S$3,400,000 (2018: S$2,200,000); lower by S$3,500,000 (2018: S$2,100,000) respectively.

3. Terminal rates

A hypothetical 10% increase or decrease in the terminal rate, would have an effect on total return before tax of – lower by S$200,000 (2018: S$1,000,000); higher by S$100,000 (2018: S$1,000,000) respectively.

South Korea property:

1. Growth in rental income

A hypothetical 10% increase or decrease in the rental income, would have an effect on total return before tax of – higher by S$808,000 (2018: S$955,000); lower by S$673,000 (2018: S$682,000) respectively.

2. Capitalisation rates

A hypothetical 10% increase or decrease in the capitalisation rate, would have an effect on total return before tax of – lower by S$1,077,000 (2018: S$818,000); higher by S$1,616,000 (2018: S$1,092,000) respectively.

Valuation processes of the Group

The Group has a team that oversees the valuations of investment properties by independent professional valuers required for financial reporting, including fair values. This Asset and Investment team ("**valuation team**") and Finance team report directly to the Chief Executive Officer ("**CEO**"). Discussions of valuation processes and results are held between the CEO, the finance team and the valuation team. The team engages independent professional valuers to determine the fair value of the Group's properties every reporting year.

13. Investment properties (continued)

Valuation processes of the Group (continued)

The main Level 3 inputs used by the Group are derived and evaluated as follows:

- *Discount rates*

  The discount rates have been determined using the independent professional valuers' model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

- *Terminal rates*

  The terminal rates have been determined using the independent professional valuers' model of the location, building quality, surrounding local market condition, competitive positioning of the property, perceived market conditions in the future, estimated cash flow profile, overall physical condition and age of each property.

- *Expected net rental cashflows*

  These are estimated by management based on existing lease agreements and market conditions as at 31 December 2019 and assumed that the renewal option leases contain similar terms and conditions as the existing leases. The estimates are largely consistent with management's knowledge of actual conditions and situations from tenants.

As the lessor, the reporting entity manages the risk associated with any rights it retains in the underlying assets including any means to reduce that risk. Such means may include, insurance coverage, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits, having clauses in the leases providing for compensation to the lessor when a property has been subjected to excess wear-and-tear during the lease term.

14. Investments in subsidiaries

	Trust	
	2019 S$'000	**2018 S$'000**
Movements during the year. At cost:		
Balance at beginning of the year	778,734	804,472
Redemption of redeemable preference shares	(24,165)	(25,738)
Cost at the end of the year	754,569	778,734
Total cost comprising:		
Unquoted equity shares at cost	414,292	414,292
Redeemable preference shares at cost	348,413	372,578
Allowance for impairment	(8,136)	(8,136)
Total at cost	754,569	778,734
Movement in allowance for impairment:		
Balance at beginning and end of the year	(8,136)	(8,136)

The details of the subsidiaries are disclosed in Note 35 below.

15. Other receivable, non-current

	Group 2019 S$'000	Group 2018 S$'000
Related party balance at the end of the year	–	27,035

The amount comprises of progress payments made to a related party, PT Saputra Karya ("**PT SK**") and professional fees, in relation to the development works of a new Siloam Hospitals Surabaya. In 2019, the progress payments which yield a return of 6% (2018: 6%) per annum, was reclassified to other receivable, current (Note 16). The details are disclosed in Note 29.

16. Trade and other receivables, current

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Trade receivables:				
Outside parties	11,902	7,859	617	707
Less impairment allowance	(4,324)	(3,754)	–	–
Related parties (Note 3)	12,122	22,929	8	8
Net trade receivables – subtotal	19,700	27,034	625	715
Other receivables:				
Subsidiaries	–	–	8,210	17,172
Less impairment allowance	–	–	(567)	(567)
Related party (Note 15)	27,035	–	–	–
Outside parties	2,098	5,357	203	228
Net other receivables – subtotal	29,133	5,357	7,846	16,833
Total trade and other receivables	48,833	32,391	8,471	17,548

The other receivables from outside parties are mainly tax recoverable for the properties acquired.

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Movement in above allowance:				
Balance at beginning of the year	(3,754)	(3,333)	(567)	(567)
Impairment allowance included in statement of total return	(624)	(353)	–	–
Foreign exchange difference	54	(68)	–	–
Balance at the end of the year	(4,324)	(3,754)	(567)	(567)

16. Trade and other receivables, current (continued)

The Group has only 5 customers which can be graded as low risk individually save for 1 customer. These trade receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The trade receivables are considered to have low credit risk individually save for 1 customer. At the end of the reporting year a loss allowance is recognised at an amount equal to 12 month ECL because there has not been a significant increase in credit risk since initial recognition. The loss allowance was determined as follows:

	Gross amount		Loss allowance	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Trade receivables:				
1 to 30 days past due	14,973	17,789	–	–
31 to 60 days past due	1,186	8,796	(107)	(160)
61 to 90 days past due	315	497	–	–
Over 90 days past due	7,550	3,706	(4,217)	(3,594)
Total	24,024	30,788	(4,324)	(3,754)

Of the S$24,024,000 past due trade receivables amount above, S$15,666,000 have been subsequently settled as of the date of this report.

The loss allowance of S$4,324,000 (2018: S$3,754,000) was due to the receivable from the tenant of Sarang Hospital.

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost which can be graded as low risk individually are considered to have low credit risk. At the end of the first reporting period a loss allowance is recognised at an amount equal to 12 month ECL because there has not been a significant increase in credit risk since initial recognition. No loss allowance is necessary.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

17. Loan receivable

	Trust	
	2019 S$'000	2018 S$'000
Loan receivable from subsidiary:		
Non-current portion	34,661	39,415
Current portion	4,191	4,191
Total	38,852	43,606

17. Loan receivable (continued)

The agreement for the loan receivable provides that it is unsecured, with effective interest at 3.37% to 3.49% (2018: 3.37% to 3.49%) per annum and is repayable by quarterly instalments over 20 years from 30 December 2010 at Singapore Swap Offer Rate ("**SOR**") plus a margin. The loan is carried at amortised cost using the effective interest method. A portion of the loan receivable has no interest and repayment is dependent on the cash flows of the borrower. The fair value is a reasonable approximation of the carrying amount as the loan is a floating rate instrument that is frequently re-priced to market interest rates. The amount is not past due.

Loan receivable from subsidiary is regarded as of low credit risk if the subsidiary has the ability to settle the amount.

18. Other financial assets, current

	Group	
	2019 S$'000	2018 S$'000
Investments in FVTPL	–	26
Movements during the year:		
Fair value at beginning of the year	26	–
Additions	620	264
Disposals	(639)	(232)
Loss on disposals through profit or loss under other expenses	(7)	(6)
Fair value at end of the year	–	26

Disclosures relating to investments at FVTPL

		Group			
	Level	2019 S$'000	2018 S$'000	2019 %	2018 %
Quoted equity shares:					
Financial services industry: Singapore	1	–	26	–	100

Sensitivity analysis: The effect on pre-tax profit is not significant.

19. Other assets, current

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Prepayments	915	251	912	251
Prepaid other taxes	2,106	4,582	–	–
	3,021	4,833	912	251

20. Cash and cash equivalents

	Group 2019 S$'000	Group 2018 S$'000	Trust 2019 S$'000	Trust 2018 S$'000
Not restricted in use	32,980	27,758	26,084	18,314

The rate of interest for the cash on interest-earning accounts is 1.55% to 1.72% (2018: 1.10%) per annum.

20A. Non-cash transactions:

Group

(a) There were units issued as settlement of the Manager's management and acquisition fees (Note 21).

(b) Eligible unitholders that have elected to participate in the Distribution Reinvestment Plan ("**DRP**") received their distributions in units (Note 21).

Trust

(a) Dividend income amounting to S$61,639,000 (2018: S$60,772,000) were offset against the amount due to subsidiaries.

(b) Redeemable preference shares amounting to S$24,165,000 (2018: S$25,738,000) redeemed during the financial year were offset against the amount due to subsidiaries.

(c) The repayment of loan receivable amounting to S$4,754,000 (2018: S$4,824,000) was offset against the amount due to a subsidiary.

20B. Reconciliation of liabilities arising from financing activities:

The changes in the Group's and the Trust's liabilities arising from financing activities can be classified as follow:

	Non-current borrowings S$'000	Current borrowings S$'000	Total S$'000
Balance at 1 January 2018	278,125	198,324	476,449
Cash flows:			
Proceeds	24,000	–	24,000
Non-cash changes:			
Borrowing cost capitalised during the year	(9,524)	–	(9,524)
Amortisation	4,407	707	5,114
Foreign exchange differences	380	–	380
Reclassification*	89,373	(89,373)	–
Balance at 31 December 2018	386,761	109,658	496,419
Cash flows:			
Proceeds	100,000	–	100,000
Repayments	–	(110,000)	(110,000)
Non-cash changes:			
Borrowing cost capitalised during the year	(2,520)	–	(2,520)
Amortisation	2,555	342	2,897
Foreign exchange differences	(386)	–	(386)
Balance at 31 December 2019	486,410	–	486,410

20. Cash and cash equivalents (continued)

20B. Reconciliation of liabilities arising from financing activities (continued):

* Reclassification between long-term borrowings and short-term borrowings due to change in maturity.

21. Units in issue and net assets value attributable to unitholders

	Group and Trust	
	2019	2018
	’000	’000
Units at beginning of the year	788,480	779,955
Issuance of new units as settlement of management fees[(a)]	9,195	6,752
Issuance of new units as settlement of acquisition fees[(b)]	–	191
Issuance of new units pursuant to the Distribution Reinvestment Plan[(c)]	–	1,582
Units at end of the year	797,675	788,480

(a) A total of 9,195,000 (2018: 6,752,000) new units at an issue price range from S$0.9793 to S$1.0391 (2018: S$1.2324 to S$1.3971) per unit were issued in respect of the settlement for the Manager’s management fees to the Manager.

At the end of the reporting year, 2,318,000 (2018: 1,833,000) units were issuable as settlement for the Manager’s management fees for the last quarter of the reporting year.

The issue price for determining the number of units issued and issuable as Manager’s management fees is calculated based on the volume weighted average traded price (“**VWAP**”) for all trades done on SGX-ST in the ordinary course of trading for 10 business days immediately preceding the respective last business day of the respective quarter end date.

(b) On 26 January 2018, the Trust announced the issue of 191,000 units to the Manager of the Trust with an issue price of S$1.4078 per unit as acquisition fees of S$270,000 of Siloam Hospitals Yogyakarta, which equivalent to 1.0% of the purchase consideration.

(c) The Trust introduced and implemented a Distribution Reinvestment Plan (“**DRP**”) in 2014 whereby the unitholders have the option to receive their distribution in units instead of cash or a combination of units and cash.

In 2018, a total of 1,582,000 new units at an issue price of S$1.4078 for a quarter per unit were issued pursuant to the DRP. No new units were issued pursuant to DRP in 2019.

Under the Trust Deed, every unit carries the same voting rights. Each unit represents an equal and undivided beneficial interest in the assets of the Trust. Units have no conversion, retraction, redemption or pre-emptive rights. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Receive audited financial statements and the annual report of the Trust; and
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust.

21. Units in issue and net assets value attributable to unitholders (continued)

No unitholder has a right to require that any assets of the Trust be transferred to him.

Further, unitholders cannot give directions to the Trustee or the Manager (whether at a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- The Trust ceasing to comply with applicable laws and regulations; or
- The exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager.

The Trust Deed contains provisions that are designed to limit the liability of a unitholder to the amount paid or payable for any unit. The provisions seek to ensure that if the issue price of the units held by a unitholder has been fully paid, no such unitholder, by reason alone of being a unitholder, will be personally liable to indemnify the Trustee or any creditor of the Trust in the event that the liabilities of the Trust exceeds its assets.

	Group		Trust	
	2019 S$'000	**2018 S$'000**	**2019 S$'000**	**2018 S$'000**
Net assets value attributable to unitholders	794,836	808,275	288,018	317,848
Net assets value per unit (in cents) attributable to unitholders	99.64	102.51	36.11	40.31

21. Units in issue and net assets value attributable to unitholders (continued)

21A. Movements in components of unitholders' funds and perpetual securities holders

	Unitholders' funds					
	Issued equity S$'000	**Retained earnings S$'000**	**Foreign exchange reserve S$'000**	**Subtotal S$'000**	**Perpetual securities S$'000**	**Total S$'000**
Group:						
Current year:						
Opening balance at 1 January 2019	387,986	418,876	1,413	808,275	60,878	869,153
Total comprehensive return for the year	–	45,508	(133)	45,375	3,408	48,783
Manager's management fees settled in units	9,471	–	–	9,471	–	9,471
Distributions to perpetual securities holders	–	–	–	–	(3,408)	(3,408)
Distributions	(29,139)	(39,146)	–	(68,285)	–	(68,285)
Closing balance at 31 December 2019	368,318	425,238	1,280	794,836	60,878	855,714
Group:						
Previous year:						
Opening balance at 1 January 2018	406,603	383,791	1,043	791,437	60,878	852,315
Total comprehensive return for the year	–	72,467	370	72,837	3,408	76,245
Manager's acquisition-related fees settled in units	270	–	–	270	–	270
Manager's management fees settled in units	9,113	–	–	9,113	–	9,113
Distributions to perpetual securities holders	–	–	–	–	(3,408)	(3,408)
Distributions settled in units	2,160	–	–	2,160	–	2,160
Distributions	(30,160)	(37,382)	–	(67,542)	–	(67,542)
Closing balance at 31 December 2018	387,986	418,876	1,413	808,275	60,878	869,153

21. Units in issue and net assets value attributable to unitholders (continued)

21A. Movements in components of unitholders' funds and perpetual securities holders (continued)

	Unitholders' funds				
	Issued equity S$'000	Accumulated losses S$'000	Sub-total S$'000	Perpetual securities S$'000	Total S$'000
Trust:					
Current year:					
Opening balance at 1 January 2019	387,986	(70,138)	317,848	60,878	378,726
Total comprehensive return for the year	–	28,984	28,984	3,408	32,392
Manager's management fees settled in units	9,471	–	9,471	–	9,471
Distributions to perpetual securities holders	–	–	–	(3,408)	(3,408)
Distributions	(29,139)	(39,146)	(68,285)	–	(68,285)
Closing balance at 31 December 2019	368,318	(80,300)	288,018	60,878	348,896
Trust:					
Previous year:					
Opening balance at 1 January 2018	406,603	(59,342)	347,261	60,878	408,139
Total comprehensive return for the year	–	26,586	26,586	3,408	29,994
Manager's acquisition-related fees settled in units	270	–	270	–	270
Manager's management fees settled in units	9,113	–	9,113	–	9,113
Distributions to perpetual securities holders	–	–	–	(3,408)	(3,408)
Distributions settled in units	2,160	–	2,160	–	2,160
Distributions	(30,160)	(37,382)	(67,542)	–	(67,542)
Closing balance at 31 December 2018	387,986	(70,138)	317,848	60,878	378,726

Capital management:

The objectives when managing capital are to safeguard the Trust's ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders and to provide an adequate return to unitholders.

The Manager sets the amount of capital to meet its requirements. There were no changes in the approach to capital management during the reporting year. The Manager manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Manager may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units, or sell assets to reduce debt. The distribution policy is disclosed in Note 11.

21. Units in issue and net assets value attributable to unitholders (continued)

21A. Movements in components of unitholders' funds and perpetual securities holders (continued)

Capital management (continued):

The Group's long-term policy is that net debt should be in the low range of the amount in the statement of financial position. This policy aims to ensure that the Group both maintains a good credit rating and lowers its weighted average cost of capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. issued equity and retained earnings).

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Net debt:				
All external borrowings	486,410	496,419	486,410	496,419
Less cash and cash equivalents	(32,980)	(27,758)	(26,084)	(18,314)
Net debt	453,430	468,661	460,326	478,105
Adjusted capital:				
Issued equity	368,318	387,986	368,318	387,986
Retained earnings/(Accumulated losses)	425,238	418,876	(80,300)	(70,138)
Foreign exchange reserve	1,280	1,413	–	–
Perpetual securities	60,878	60,878	60,878	60,878
Adjusted capital	855,714	869,153	348,896	378,726
Debt-to-adjusted capital ratio	52.99%	53.92%	131.94%	126.24%

The improvement as shown by the decrease in the Group's debt-to-adjusted capital ratio for the reporting year resulted primarily from the decrease in borrowings and increase in retained earnings. There was a favourable change with improved retained earnings.

The only externally imposed capital requirement is that for the Group to maintain its listing on the SGX-ST, it has to have issued equity with a free float of at least 10% of the units. Management receives a report from the registrars quarterly on substantial share interests showing the non-free float and it demonstrated continuing compliance with the SGX-ST's 10% limit throughout the reporting year.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 45% of the Group's deposited property. It was 34.5% (2018: 35.0%) as at end of the reporting year, which exclude the effect of perpetual securities which had been classified as equity by the Manager.

The Manager monitors the level, nature of debt and leverage ratios, along with the compliance with debt covenants quarterly to ensure that sufficient resources exist.

22. Perpetual securities

In 2016, the Trust issued S$60 million of subordinated perpetual securities at a fixed rate of 5.68% per annum, with the first distribution rate reset on 8 July 2021 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms and conditions of the securities. The distribution will be payable semi-annually at the discretion of the Trust and will be non-cumulative.

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank pari passu with holders of preferred units (if any) and rank ahead of the unitholders of Trust but junior to the claims of all present and future creditors of the Trust.

- The Trust shall not declare or pay any distributions to the unitholders, or make redemption, unless the Trust declares or pays any distributions to the perpetual securities holders.

These perpetual securities are classified as equity (see Note 21). An amount of S$3,408,000 is reserved for distribution to perpetual securities holders for each of the reporting years ended 31 December 2018 and 2019 respectively. Management has taken the view that as there is no contractual obligation to repay the principal or to pay any distributions, and that the perpetual securities do not meet the definition for classification as a financial liability under FRS 32 Financial Instruments: Disclosure and Presentation. The perpetual securities are presented within equity, and the distributions treated as dividends.

23. Financial ratios

	Group		Trust	
	2019	**2018**	**2019**	**2018**
Expenses to average net assets attributable to unitholders ratio – excluding performance related fees(1)	0.92%	1.06%	2.41%	2.32%
Expenses to average net assets attributable to unitholders ratio – including performance related fees(1)	1.62%	1.77%	4.27%	4.05%
Portfolio turnover ratio(2)	N/M	N/M	N/M	N/M
Total operating expenses (S$'000)(3)	41,871	14,867	13,078	13,532
Total operating expenses to net asset value ratio(3)	5.27%	1.84%	4.54%	4.26%

(1) The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses excluding any property related expenses, interest expenses, foreign exchange losses, tax deducted at source and costs associated with the purchase of investments.

(2) Turnover ratio means the number of times per year that a dollar of assets is reinvested. It is calculated based on the lesser of purchases or sales of underlying investments of a scheme expressed as a percentage of daily average net asset value.

(3) The revised Code on Collective Investment Schemes dated 8 October 2018 requires disclosure of the total operating expenses of the property fund, including all fees and charges paid to the Manager and interested parties (in both absolute terms, and as a percentage of the property fund's net asset value as at the end of the financial year) and taxation incurred in relation to the property fund's real estate assets.

N/M – Not meaningful as there was no sale of investment property in 2018 and 2019.

24. Other financial liabilities

	Group and Trust 2019 S$'000	2018 S$'000
Current:		
Bank loans (unsecured)[a]	–	110,000
Transaction cost to be amortised	–	(342)
	–	109,658

(a) During the year, a principal amount of S$10 million was repaid and the remaining S$100 million was refinanced by Bank loan B.

	Group and Trust 2019 S$'000	2018 S$'000
Non-current:		
Bank loans (secured) (Note 24A)	492,717	392,962
Transaction cost to be amortised	(6,307)	(6,201)
	486,410	386,761
Total other financial liabilities	486,410	496,419

	Group and Trust 2019 S$'000	2018 S$'000
Non-current:		
Bank loan A (secured)	392,717	392,962
Transaction cost to be amortised	(4,169)	(6,201)
	388,548	386,761
Bank loan B (secured)	100,000	–
Transaction cost to be amortised	(2,138)	–
	97,862	–
Non-current, total	486,410	386,761

In March 2018, the Trust drew down Bank loan A under a S$400 million syndicated secured financing facilities to refinance previous bank loans. Bank loan A consists of a 3-year Singapore dollar term loan, a 4-year Singapore dollar term loan, a 5-year Singapore dollar term loan and a 3-year dual currency revolving credit facility loan in Singapore and United States dollar. The amounts under Bank loan A are due in March 2021, March 2022 and March 2023 respectively.

In May 2019, the Trust drew down Bank loan B under a S$100 million syndicated secured financing facilities to refinance the bank loan – current which had matured in current year. Bank loan B consists of a 3-year Singapore dollar term loan and the amount under Bank loan B is due in May 2022.

All mortgages, assignments of the Group's rights, titles, interest and benefits, debentures and charges are executed in favour of Banks A and B.

All the amounts are at floating interest rates or arranged with interest rate swaps.

24. Other financial liabilities (continued)

24A. Bank loans (secured)

The range of floating interest rates for Bank loan A and Bank loan B are from 3.20% to 4.05% (2018: from 2.86% to 3.88%) and 3.76% to 4.06% per annum respectively.

The range of effective interest rates for Bank loan A and Bank loan B are from 3.58% to 4.55% (2018: 3.60% to 4.00% per annum).

The Trust enters into interest rate swaps arrangements to manage the interest rate risk exposure arising from the bank loans of floating rates (Note 27).

The bank loan agreements provide among other matters for the following:

1) Legal mortgage over all the properties of the Group except for Sarang Hospital, Siloam Hospitals Surabaya, and Siloam Hospitals Yogyakarta.

2) Assignment to the banks of all of the Group's rights, titles, interests and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesia properties and the Singapore properties except for Siloam Hospitals Surabaya and Siloam Hospitals Yogyakarta.

3) Assignment to the banks of all of the Group's rights, titles and interests under the insurance policies in respect of the Indonesia properties and the Singapore properties, with the bank named as a "loss payee" except for Siloam Hospitals Surabaya and Siloam Hospitals Yogyakarta.

4) A debenture containing first fixed and floating charges over all assets and undertakings of the Trust's Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Kalmore Investments Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd. and Icon1 Holdings Pte. Ltd.

5) Charge of all of the Trust's shares in the Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Kalmore Investments Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd. and Icon1 Holdings Pte. Ltd.

6) Charge of all of the Singapore subsidiaries' shares in the Indonesia subsidiaries except for (i) PT Tata Prima Indah and (ii) Joint-operation company PT Yogya Central Terpadu.

7) A debenture by the Group covering first fixed and floating charges over all assets and undertakings in respect of the Singapore properties.

8) OUE Lippo Healthcare Limited's interest in the Trust is at least 8%.

9) OUE Limited's interest in Bowsprit Capital Corporation Limited is at least 40%.

10) Compliance with certain financial covenants.

The carrying amount of the current and non-current borrowings, which are at floating variable market rates, approximate their fair values at reporting date.

25. Trade and other payables, current

	Group 2019 S$'000	Group 2018 S$'000	Trust 2019 S$'000	Trust 2018 S$'000
Trade payables:				
Outside parties and accrued liabilities	182	147	106	68
Related party	8,390	8,380	8,390	8,380
Trade payables – subtotal	8,572	8,527	8,496	8,448
Other payables:				
Subsidiaries	–	–	12,582	6,933
Related party	22	22	–	–
Other payables	10,246	7,586	4,992	1,795
Other payables – subtotal	10,268	7,608	17,574	8,728
Total trade and other payables	18,840	16,135	26,070	17,176

Included in the Group's other payables as at end of the reporting years, were taxes payable to the vendors upon refund from the tax authorities.

26. Other liabilities, current

	Group 2019 S$'000	Group 2018 S$'000	Trust 2019 S$'000	Trust 2018 S$'000
Rental income in advance from tenants	21,122	20,909	83	81
Security deposits	1,921	1,884	1,921	1,884
	23,043	22,793	2,004	1,965

27. Derivatives financial instruments

The table below summarises the fair value of derivatives at the end of year. All derivatives are not designated as hedging instruments.

	Group and Trust 2019 S$'000	Group and Trust 2018 S$'000
Liabilities – Derivatives with negative fair values:		
Interest rate swaps (Note 27A) – Non-current	(1,253)	(250)
Interest rate swaps (Note 27A) – Current	(222)	(185)
	(1,475)	(435)
The movements during the year were as follows:		
Balance at beginning of the year	(435)	(676)
Disposals	–	415
Losses recognised in profit or loss	(1,040)	(174)
Total net balance at end of the year	(1,475)	(435)

27. Derivatives financial instruments (continued)

27A. Interest rate swaps

As at 31 December 2019, the notional amount of five interest rate swaps for 2019 was S$296,659,000 (2018: S$445,819,000). The interest rate swaps are designed to convert floating borrowing to fixed rate loans for the next two years. The Group receives variable interest equal to the SOR on the notional contract amount. At the end of the reporting year, the interest rates varied from 1.80% to 2.01% (2018: 1.80% to 2.01%). The interest rate swaps will mature between 1 March 2020 to 1 March 2022.

The derivatives financial instruments are not traded in an active market. As a result, their fair values are based on valuation techniques currently consistent with generally accepted valuation methodologies for pricing financial instruments, and incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price (Level 2).

The fair value (Level 2) of interest rate swap was measured on the basis of the current value of the difference between the contractual interest rate and the market rate at the end of the reporting year. The valuation technique used market observable inputs.

28. Financial information by operating segments

Information about reportable segment profit or loss and assets

Disclosure of information about operating segments is made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the Group.

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare-related sector. During the reporting year the Group had three reportable operating segments: Indonesia operations, Singapore operations and South Korea operations. For management purposes the Group is organised into one major strategic operating segment that offers all the investment properties for healthcare and/or healthcare-related purposes.

The geographical segment represents the Group’s distinguishable components which provide products or services within a particular economic environment (location) and this component contains risks and returns that are different from those components which operate in other economic environments (locations). The liabilities are not analysed as the largest amount, namely the borrowings, are centrally managed.

There are no significant inter-segment transactions. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

28. Financial information by operating segments (continued)

Information about reportable segment profit or loss and assets (continued)

The management reporting system evaluates performances based on a number of factors. However the primary financial performance measurement is to evaluate the properties based on their returns and yields.

	Indonesia S$'000	Singapore S$'000	South Korea S$'000	Total S$'000
2019				
Profit or loss reconciliation				
Rental and other income	110,357	3,994	946	115,297
Impairment allowance on trade receivables	–	–	(624)	(624)
Net property income	109,168	3,492	234	112,894
Interest income	2,234	130	–	2,364
Manager's management fees				(11,401)
Trustee fees				(430)
Finance costs	–	(20,390)	–	(20,390)
Other expenses				(1,002)
Net income before the undernoted				82,035
Net fair value losses of investment properties	(4,691)	(512)	(404)	(5,607)
Net fair value losses of derivatives financial instruments				(1,040)
Total return before income tax				75,388
Income tax expense	(26,581)	99	10	(26,472)
Total return after income tax				48,916
Assets				
Segment assets including properties	1,352,673	63,917	10,546	1,427,136
Total assets				1,427,136
2018				
Profit or loss reconciliation				
Rental and other income	111,583	3,913	702	116,198
Impairment allowance on trade receivables	–	–	(353)	(353)
Net property income	110,762	3,414	215	114,391
Interest income	1,676	14	–	1,690
Manager's management fees				(11,435)
Trustee fees				(427)
Finance costs	–	(21,614)	–	(21,614)
Other expenses				(2,298)
Net income before the undernoted				80,307
Net fair value losses of investment properties	(4,014)	(912)	(432)	(5,358)
Net fair value losses of derivatives financial instruments				(174)
Total return before income tax				74,775
Income tax benefit	1,020	155	(75)	1,100
Total return after income tax				75,875
Assets				
Segment assets including properties	1,371,979	55,942	10,853	1,438,774
Total assets				1,438,774

28. Financial information by operating segments (continued)

Information about reportable segment profit or loss and assets (continued)

Income are attributed to countries on the basis of the location of the investment properties. The non-current assets are analysed by the geographical area in which the assets are located (see the statements of portfolio for the carrying value of these assets).

Income from the Group's top one and top two customers in Indonesia in aggregate amounted to S$96,001,000 and S$110,357,000 respectively (2018: S$97,128,000 and S$111,583,000).

29. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	2019 S$'000	2018 S$'000
Commitments in relation to Siloam Hospitals Surabaya	63,000	63,000

The above commitment pertains to the asset-enhancement transaction in relation to Siloam Hospitals Surabaya ("**SHS**").

The transaction is a joint arrangement and asset swap with PT SK (a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of Lippo Karawaci) which involves:

(a) Divestment of Plot B

The divestment of a plot of land ("**Plot B**") which was owned by PT Tata Prima Indah ("**PT TPI**"), a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of the Trust, to PT SK;

(b) Development Works

The development works on Plot B and Lippo Karawaci's land adjacent to Plot B;

In 2016, the first progress payment of S$18 million was paid.

In 2017, the second progress payment of S$9 million was paid.

(c) The New SHS Acquisition and New SHS Master Lease

The acquisition of the new hospital ("**New SHS**") to be built pursuant to the Development Works by PT SK, with proposed master lease of the New SHS to Lippo Karawaci and the termination of existing master lease agreement between PT TPI (as the master lessor of the existing Siloam Hospitals Surabaya (the "**Existing SHS**")) and Lippo Karawaci. The total purchase consideration for the New SHS is S$90 million and will be paid in progress payments;

(d) Divestment of the Existing SHS

The divestment of the Existing SHS to PT SK.

29. Capital commitments (continued)

On 21 December 2018, the Manager announced that a road subsidence event (the "**Road Subsidence**") had taken place along Gubeng Highway, Surabaya, which is in close proximity to Siloam Hospitals Surabaya and Development Works had halted.

On 10 January 2020, the Manager announced that the Road Subsidence had a serious impact on the Development Works, which are currently no longer progressing on the proposed timetable and are on hold pending amongst other things the outcome of the investigations by the relevant Indonesia authorities. For the avoidance of doubt, neither the Manager nor the Group are involved in any investigation in connection with the Road Subsidence.

The Manager is closely monitoring this matter, including the ongoing investigations, and is evaluating the Group's options as the investigations progress. In addition, the Manager has engaged a number of consultants to carry out land use studies and other surveys on the affected plots of land to assist in the evaluation of the Group's options. These studies and surveys are currently in progress.

Based on the Development Works agreement signed by PT SK and PT TPI, should the development works be uncompleted, PT TPI has the right to terminate the agreement and progress payments committed, inclusive of all other related costs (except for value-added tax), are to be returned to PT TPI.

As at the end of the reporting year, the Group has made progress payments and professional fees amounting to S$27,035,000 (2018: S$27,035,000). See Notes 15 and 16.

30. Operating lease income commitments – as lessor

At the end of the reporting year, the total of future minimum lease receivables committed under non-cancellable operating leases (assuming the option to renew the leases is not exercised) are as follows:

	Group		Trust	
	2019 S$'000	**2018 S$'000**	**2019 S$'000**	**2018 S$'000**
Not later than one year	117,395	116,258	4,071	3,991
Between 1 and 2 years	116,529	116,259	4,152	4,071
Between 2 and 3 years	85,562	115,381	4,235	4,152
Between 3 and 4 years	85,646	84,794	4,320	4,235
Between 4 and 5 years	85,733	84,878	4,406	4,320
Later than five years	250,373	332,937	6,037	10,443
Total	741,238	850,507	27,221	31,212

The rental income for the year is disclosed in Note 4.

The Group has entered into commercial property leases for healthcare and/or healthcare related buildings. The non-cancellable leases have remaining non-cancellable lease terms and the tenants' options for renewals as disclosed in the statements of portfolio.

Generally, the lease agreements provide that the lessees pay rent on a quarterly basis in advance, whereby rent shall comprise: (a) an annual base rent for the first year of each lease and (b) a variable rent. The base rent is subject to increase every year thereafter subject to a floor of zero percentage and a cap of an agreed percentage. The variable rent is calculated based on a percentage of the growth of the lessee's gross revenue in the preceding calendar year. No contingent rent is included in the above amounts.

30. Operating lease income commitments – as lessor (continued)

One of the tenants in Singapore has also provided a bank guarantee in lieu of the security deposits of S$1,428,000 (2018: S$1,400,000) for rental income from one of the Singapore properties.

31. Financial instruments: information on financial risks

31A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Financial assets:				
Financial assets at amortised cost	81,813	87,184	73,407	79,468
Financial assets at FVTPL	–	26	–	–
At end of the year	81,813	87,210	73,407	79,468
Financial liabilities:				
Financial liabilities at amortised cost	505,250	512,554	512,480	513,595
Derivatives financial instruments at fair value	1,475	435	1,475	435
At end of the year	506,725	512,989	513,955	514,030

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

31B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Group's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, currency risk and price risk exposures.

Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following acceptable market practices.

31. Financial instruments: information on financial risks (continued)

31B. Financial risk management (continued)

The Management of the Manager who monitors the procedures reports to the Board of Directors of the Manager.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

31C. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For ECL on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 20 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

The credit quality of the bank balances using an external or internal credit grading system is as follows:

	Moody's Ratings	
	2019	**2018**
Bank of East Asia	A3	A3
CIMB Bank Berhad	A3	A3
Oversea-Chinese Banking Corporation Ltd	Aa1	Aa1

For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credit limits are subject to the same review process. There is significant concentration of credit risk on debtors, as the exposure is spread over a small number of counter-parties and debtors.

31. Financial instruments: information on financial risks (continued)

31D. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivatives financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) where it relates to a variable amount payable, the amount is determined by taking reference to that last contracted rate:

	Less than 1 year S$'000	More than 1 year but less than 5 years S$'000	Total S$'000
Non-derivatives financial liabilities			
Group			
2019:			
Borrowings	16,955	510,597	527,552
Trade and other payables	18,840	–	18,840
	35,795	510,597	546,392
2018:			
Borrowings	125,051	421,711	546,762
Trade and other payables	16,135	–	16,135
	141,186	421,711	562,897
Trust			
2019:			
Borrowings	16,955	510,597	527,552
Trade and other payables	26,070	–	26,070
	43,025	510,597	553,622
2018:			
Borrowings	125,051	421,711	546,762
Trade and other payables	17,176	–	17,176
	142,227	421,711	563,938

	Notional amount S$'000	Less than 1 year S$'000	More than 1 year but less than 5 years S$'000	Total S$'000
Derivatives financial liabilities				
Group and Trust				
2019:				
Interest rate swaps (net settled)	296,659	(222)	(1,253)	(1,475)
2018:				
Interest rate swaps (net settled)	445,819	(185)	(250)	(435)

The remaining contractual maturity of derivatives financial liabilities of the Group and Trust are between 2 months to 26 months (Note 27).

31. Financial instruments: information on financial risks (continued)

31D. Liquidity risk – financial liabilities maturity analysis (continued)

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2018: 30 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The Manager also monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings.

The Manager is of the view that cash from operating activities will be sufficient to meet the current requirements to support ongoing operations, capital expenditures, and debt repayment obligations. The Trust's structure necessitates raising funds through debt financing and the capital markets to fund strategic acquisitions and capital expenditures. The Manager also ensures that there are sufficient funds for declared and payable distributions and any other commitments.

	Group and Trust	
	2019 S$'000	2018 S$'000
Bank facilities:		
Undrawn facilities	3,942	3,697

The undrawn facilities are available for refinancing existing loans, general corporate funding and working capital requirements of the Trust. The facilities expire in 2021.

31E. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed interest rates and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group and Trust	
	2019 S$'000	2018 S$'000
Financial liabilities:		
Bank loans at floating rates	486,410	496,419
Total at the end of the year	486,410	496,419

The Trust enters into interest rate swap agreements to manage the interest rate risk exposure arising from bank loans at floating rates (Note 27A).

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

31. Financial instruments: information on financial risks (continued)

31E. Interest rate risk (continued)

Sensitivity analysis:

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The hypothetical changes in basis points are not based on observable market data (unobservable inputs). The impact of a change in interest rates on fixed interest rate financial instruments has not been assessed in terms of changing of their fair value, as the Group does not account for any fixed rate financial assets at FVTPL.

A hypothetical change of 50 basis points (2018: 50 basis points) in interest rates with all variables including foreign exchange rates held constant, would increase (decrease) the total return by the amounts below:

	Statement of Total Return	
	50 basis points increase S$'000	50 basis points decrease S$'000
Group and Trust		
2019		
Borrowings	(2,470)	2,470
Interest rate swaps	719	(719)
Net (decrease) increase	(1,751)	1,751
2018		
Borrowings	(2,514)	2,514
Interest rate swaps	1,444	(1,444)
Net (decrease) increase	(1,070)	1,070

31F. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of the significant amounts denominated in non-functional currency:

	2019 S$'000	2018 S$'000
Group and Trust:		
Financial liabilities:		
US dollars		
Borrowings	18,743	18,988

31. Financial instruments: information on financial risks (continued)

31F. Foreign currency risk (continued)

Sensitivity analysis: A hypothetical 10% (2018: 10%) strengthening in the exchange rate of the functional currency against the US dollar, with all other variables held constant would have a favourable effect on post-tax profit of S$1,874,000 (2018: S$1,899,000). For similar rate weakening of the functional currency against the relevant foreign currency above, there would be comparable impact in the opposite direction on the profit or loss.

32. Events after the end of the reporting year

a) On 29 January 2020, a final distribution of 2.15 cents per unit was declared totalling S$17,169,000 in respect of the period from 1 October 2019 to 31 December 2019.

b) On 29 January 2020, a total of 1,270,000 new units were issued at the issue price of S$1.0013 per unit to the Manager as partial payment of the base fee component of management fee for the quarter ended 31 December 2019. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

c) On 29 January 2020, a total of 1,049,000 new units were issued at the issue price of S$0.9793 per unit to the Manager as payment of 72% of the performance fee component of the management fee for the quarter ended 31 December 2018. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

33. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 116	Leases (and Leases – Illustrative Examples & Amendments to Guidance on Other Standards)
FRS 12	Improvements (2017) – Amendments: Income Taxes
FRS 23	Improvements (2017) – Amendments: Borrowing Costs

34. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1 and 8	Definition of Material – Amendments to The Conceptual Framework for Financial Reporting	1 Jan 2020

35. Listing of investments in subsidiaries

All the subsidiaries are wholly owned. The subsidiaries held by the Trust and the Group are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments 2019 S$'000	2018 S$'000
Held by the Trust		
Gold Capital Pte. Ltd.(b) Singapore Investment holding	100,556	100,556
GOT Pte. Ltd.(b) Singapore Investment holding	82,741	83,750
Henley Investments Pte. Ltd.(b) Singapore Investment holding	40,698	41,725
Kalmore Investments Pte. Ltd.(b) Singapore Investment holding	7,966	7,966
Lovage International Pte. Ltd.(b) Singapore Investment holding	12,523	12,523
Platinum Strategic Investments Pte. Ltd.(b) Singapore Investment holding	22,321	23,965
Primerich Investments Pte. Ltd.(b) Singapore Investment holding	32,874	33,014
Raglan Investments Pte. Ltd.(b) Singapore Investment holding	43,434	45,904

35. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments 2019 S$'000	2018 S$'000
Held by the Trust (continued)		
Rhuddlan Investments Pte. Ltd.[b] Singapore Investment holding	73,754	75,407
Globalink Investments Pte. Ltd.[b] Singapore Investment holding	73,115	77,093
Great Capital Pte. Ltd.[b] Singapore Investment holding	69,650	73,588
Finura Investments Pte. Ltd.[b] Singapore Investment holding	24,331	25,712
Sriwijaya Investment I Pte. Ltd.[b] Singapore Investment holding	31,814	33,458
IAHCC Investment Pte. Ltd.[b] Singapore Investment holding	1*	1*
Surabaya Hospitals Investment Pte. Ltd.[b] Singapore Investment holding	1*	1*
SHKP Investment I Pte. Ltd.[b] Singapore Investment holding	67,688	70,149
Icon1 Holdings Pte. Ltd.[b] Singapore Investment holding	25,798	26,811
SHLB Investment I Pte. Ltd.[b] Singapore Investment holding	18,517	19,268
SHButon Investment I Pte. Ltd.[b] Singapore Investment holding	26,787	27,843
	754,569	778,734
Held by subsidiaries		
Higrade Capital Pte. Ltd.[b] Singapore Investment holding	853	853
Ultra Investments Pte. Ltd.[b] Singapore Investment holding	321	321

35. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments 2019 S$'000	2018 S$'000
Held by subsidiaries (continued)		
Carmathen Investments Pte. Ltd.[(b)] Singapore Investment holding	1,033	1,033
Caernarfon Investments Pte. Ltd.[(b)] Singapore Investment holding	1,324	1,324
Fortuna Capital Pte. Ltd.[(b)] Singapore Investment holding	22	22
Key Capital Pte. Ltd.[(b)] Singapore Investment holding	3,826	3,826
Glamis Investments Pte. Ltd.[(b)] Singapore Investment holding	1,377	1,377
Sriwijaya Investment II Pte. Ltd.[(b)] Singapore Investment holding	1,722	1,722
SHKP Investment II Pte. Ltd.[(b)] Singapore Investment holding	13,916	13,916
SHLB Investment II Pte. Ltd.[(b)] Singapore Investment holding	1,040	1,040
SHButon Investment II Pte. Ltd.[(b)] Singapore Investment holding	1,442	1,442
Kalmore (Korea) Limited[(a)] South Korea Owner of Sarang Hospital	3,887	3,887
PT Bayutama Sukses[(a)] Indonesia Owner of Siloam Hospitals Makassar	6,356	6,356
PT Graha Indah Pratama[(a)] Indonesia Owner of Siloam Hospitals Kebon Jeruk	10,333	10,333
PT Graha Pilar Sejahtera[(a)] Indonesia Owner of Siloam Hospitals Lippo Cikarang	8,306	8,306

35. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments 2019 S$'000	2018 S$'000
Held by subsidiaries (continued)		
PT Karya Sentra Sejahtera[(a)] Indonesia Owner of Imperial Aryaduta Hotel & Country Club	20,019	20,019
PT Menara Abadi Megah[(a)] Indonesia Owner of Siloam Hospitals Manado & Hotel Aryaduta Manado	5,500	5,500
PT Primatama Cemerlang[(a)] Indonesia Owner of Mochtar Riady Comprehensive Cancer Centre	17,065	17,065
PT Sentra Dinamika Perkasa[(a)] Indonesia Owner of Siloam Hospitals Lippo Village	8,779	8,779
PT Tata Prima Indah[(a)] Indonesia Owner of Siloam Hospitals Surabaya	8,013	8,013
PT Dasa Graha Jaya[(a)] Indonesia Owner of Siloam Hospitals Bali	16,553	16,553
PT Perisai Dunia Sejahtera[(a)] Indonesia Owner of Siloam Hospitals TB Simatupang	15,305	15,305
PT Eka Dasa Parinama[(a)] Indonesia Owner of Siloam Hospitals Purwakarta	5,509	5,509
PT Sriwijaya Mega Abadi[(a)] Indonesia Owner of Siloam Sriwijaya	6,887	6,887
PT Nusa Bahana Niaga[(a)] Indonesia Owner of Siloam Hospitals Kupang & Lippo Plaza Kupang	50,668	50,668
PT Prima Labuan Bajo[(a)] Indonesia Owner of Siloam Hospitals Labuan Bajo	4,160	4,160
PT Buton Bangun Cipta[(a)] Indonesia Owner of Siloam Hospitals Buton & Lippo Plaza Buton	5,768	5,768
Joint operation held by subsidiary, Icon1 Holdings Pte. Ltd.		
PT Yogya Central Terpadu[(a)] (Note A) Indonesia Owner of Siloam Hospitals Yogyakarta	6,615	6,615

35. Listing of investments in subsidiaries (continued)

(a) Audited by RSM Indonesia and Shinhan Accounting Corporation in South Korea, member firms of RSM International of which RSM Chio Lim LLP is a member.

(b) Audited by RSM Chio Lim LLP in Singapore.

* Amount is less than S$1,000

The investments include investments in redeemable preference shares that are redeemable at the option of the Singapore subsidiaries.

Note A

In 2017, the Trust and Lippo Malls Indonesia Retail Trust entered into a Joint Venture Deed (the "**Deed**") to jointly own the Yogyakarta Property through PT Yogya Central Terpadu ("**PT YCT**") subsequent to the approval of the relevant licenses. Icon1 Holdings Pte. Ltd. ("**Icon1**") transferred 18,850,000 of its existing Class A shares to Icon2 Investment Pte. Ltd. ("**Icon2**"). As a result, Icon1 holds 66,150,000,000 Class A shares and Icon2 holds 142,500,000,000 Class B shares in PT YCT. As holders of Class A shares, Icon1 has the exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the hospital component. Icon2 has exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the retail mall component.

Any non-property-related common expenses of the hospital and retail mall component are borne by Icon1 and Icon2 in the proportion of 31% and 69% respectively. All property-related common expenses of the hospital component are borne by Icon1.

STATEMENT OF THE TRUSTEE

Perpetual (Asia) Limited (the "**Trustee**") is under a duty to take into custody and hold the assets of First Real Estate Investment Trust (the "**Trust**") and its subsidiaries (the "**Group**") in trust for the holders ("**Unitholders**") of units in the Trust (the "**Units**"). In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "**laws and regulations**"), the Trustee shall monitor the activities of First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited) (the "**Manager**") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplement Deed of Retirement and Appointment of Trustee dated 1 November 2017, Fifth Supplemental Deed dated 22 May 2018, Sixth Supplemental Deed dated 30 April 2019 and Seventh Supplemental Deed dated 7 April 2020) (the "**Trust Deed**") between the Manager and the Trustee in each annual financial reporting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial reporting year covered by these financial statements, set out on pages 96 to 152, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

Ms. Sin Li Choo
Director

Singapore

24 March 2021

STATEMENT BY THE MANAGER

In the opinion of the directors of First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited) (the "**Manager**"), the accompanying financial statements of First Real Estate Investment Trust (the "**Trust**") and its subsidiaries (the "**Group**") set out on pages 96 to 152 comprising the statements of total return, statements of distribution, statements of financial position, statements of movements in unitholders' funds, statements of cash flows, statements of portfolio and summary of significant accounting policies and other explanatory notes of the Group and the Trust, are drawn up so as to present fairly, in all material respects, the financial position and portfolio of the Group and of the Trust as at 31 December 2020, the total return, distributions, movements in unitholders' funds and cash flows of the Group and of the Trust for the reporting year ended on that date in accordance with the provisions of the Trust Deed and the recommendations of Statement of Recommended Accounting Practice "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
First REIT Management Limited
(formerly known as Bowsprit Capital Corporation Limited)

Mr. Tan Kok Mian Victor
Executive Director and Chief Executive Officer

Singapore

24 March 2021

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
FIRST REAL ESTATE INVESTMENT TRUST

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of First Real Estate Investment Trust (the "**Trust**") and its subsidiaries (the "**Group**"), set out on pages 96 to 152, which comprise the statements of financial position and statements of portfolio of the Group and of the Trust as at 31 December 2020, and the statements of total return, statements of distribution, statements of movements in unitholders' funds and statements of cash flows of the Group and of the Trust for the reporting year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements of the Group and of the Trust are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the financial position and portfolio holdings of the Group and of the Trust as at 31 December 2020 and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and of the Trust for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair values of investment properties

Please refer to Note 2A on accounting policies, Note 2C on critical judgements, assumptions and estimation uncertainties, Note 13 on investment properties and the annual report on the section on the audit committee's views and responses to the reported key audit matters.

The Group owns a portfolio of investment properties which are primarily used for healthcare and healthcare related purposes. The investment properties are stated at fair value of S$0.94 billion as at 31 December 2020. The measurement of the fair values of the properties in the portfolio is a significant judgement area as the fair values are impacted by a number of assumptions and factors including future rental income, growth rates, discount rates, and terminal rates. All the valuations are carried out by independent professional valuers who perform their work in accordance with international valuation professional standards. The independent valuers' reports included a material valuation uncertainty clause which highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuations as a result of the COVID-19 pandemic. The investment properties are mainly valued through the use of expected future cash flows of each investment property over the specified years and discounted by a discount rate. The valuation exercise also relies on the accuracy of the underlying leases and financial information provided to the independent professional valuers by First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited), the manager of the Trust (the "**Manager**" or "**management**").

We assessed the processes used by management for the selection of the independent professional valuers, the determination of the scope of work of these independent professional valuers, and management's review of the valuations reported by these independent professional valuers. The independent professional valuers used by management have considerable experience in the markets in which the properties are located.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
FIRST REAL ESTATE INVESTMENT TRUST

Fair values of investment properties (continued)

With assistance from our own valuation specialist, we assessed the independence, competence and experience of the independent professional valuers. We obtained all the independent professional valuers' reports and confirmed that the valuations were performed in accordance with international valuation professional standards and that the methodologies adopted are in line with generally accepted market practices were appropriate by reference to acceptable valuation practice, FRS 40 and FRS 113.

We challenged the key assumptions upon which the valuations were based including those relating to future rental income, growth rates, discount rates and terminal rates by making a comparison to our own understanding of the market by benchmarking to external market data, where possible, and obtained an understanding of the reasons for significant or unusual movements in the property values by forming our own view on the general market conditions with reference to the key assumptions. We compared the information provided by management to the independent professional valuers, such as rental income and property costs to available supporting documents. We also considered the adequacy of the disclosures about the degree of critical judgement and estimation made when measuring the fair values of these properties as disclosed in Notes 2C and 13 respectively.

The testing performed in relation to the final fair values of the investment properties proved to be satisfactory.

We considered the adequacy of the disclosures made in notes to the financial statements which explain that the valuers reported on the basis of a material valuation uncertainty and consequently that less certainty and a higher degree of caution should be attached to the valuations as at 31 December 2020.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement of the Trustee, statement by the Manager, corporate profile, financial highlights, trust structure, corporate information, property overview, corporate governance and statistics of unitholdings, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The management's responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
FIRST REAL ESTATE INVESTMENT TRUST

Auditor's responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
FIRST REAL ESTATE INVESTMENT TRUST

Auditor's responsibilities for the audit of the financial statements (continued)

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chow Khen Seng.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

24 March 2021

Engagement partner — effective from year ended 31 December 2019

STATEMENTS OF TOTAL RETURN

Year Ended 31 December 2020

	Notes	Group 2020 S$'000	Group 2019 S$'000	Trust 2020 S$'000	Trust 2019 S$'000
Rental and other income	4	79,619	115,297	33,197	65,630
Property operating expenses	5	(2,154)	(2,403)	(46)	(237)
Net property and other income		77,465	112,894	33,151	65,393
Interest income		1,436	2,364	1,262	1,555
Manager's management fees	6	(9,410)	(11,401)	(9,366)	(11,357)
Trustee fees	3	(416)	(430)	(416)	(430)
Finance costs	7	(17,826)	(20,390)	(17,826)	(20,390)
Other expenses	8	(5,703)	(1,002)	(5,362)	(926)
Net income before the undernoted		45,546	82,035	1,443	33,845
Net fair value losses on investment properties	13	(401,387)	(5,607)	(912)	(512)
Impairment losses on investments in subsidiaries	14	—	—	(75,457)	—
Net fair value losses of derivatives financial instruments	25	(2,391)	(1,040)	(2,391)	(1,040)
Total (loss)/ return for the year before income tax		(358,232)	75,388	(77,317)	32,293
Income tax benefit/ (expenses)	9	5,822	(26,472)	(1,467)	99
Total (loss)/ return for the year after income tax		(352,410)	48,916	(78,784)	32,392
Other comprehensive loss:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations, net of tax		(164)	(133)	—	—
Total comprehensive (loss)/ return for the year		(352,574)	48,783	(78,784)	32,392
Total (loss)/ return attributable to:					
Unitholders of the Trust		(355,827)	45,508	(82,201)	28,984
Perpetual securities holders		3,417	3,408	3,417	3,408
		(352,410)	48,916	(78,784)	32,392
Total comprehensive (loss)/ return attributable to:					
Unitholders of the Trust		(355,991)	45,375	(82,201)	28,984
Perpetual securities holders		3,417	3,408	3,417	3,408
		(352,574)	48,783	(78,784)	32,392
(Loss)/ Earnings per unit in cents					
Basic and diluted	10	(44.33)	5.74	N/A	N/A

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF DISTRIBUTION
Year Ended 31 December 2020

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Amount available for distribution to unitholders at beginning of the year	17,169	17,014	17,169	17,014
Total (loss)/ return for the year after income tax	(352,410)	48,916	(78,784)	32,392
Adjustments for tax purposes (Note A)	385,854	19,524	112,228	36,048
	33,444	68,440	33,444	68,440
Amount available for distribution to unitholders	50,613	85,454	50,613	85,454
Total distribution paid to unitholders (Note 11)	(43,773)	(68,285)	(43,773)	(68,285)
Amount available for distribution to unitholders at end of the year (Note 11A and Note 30)	6,840	17,169	6,840	17,169
Distribution per unit (cents)	4.15	8.60	4.15	8.60
Note A — Adjustments for tax purposes:				
Manager's management fees settled in units	4,679	9,747	4,679	9,747
Change in fair values of investment properties, net of deferred tax	383,119	13,361	2,379	414
Net fair value losses of derivatives financial instruments	2,391	1,040	2,391	1,040
Impairment losses on investments in subsidiaries	—	—	75,457	—
Capital repayment	—	—	21,618	28,919
Amount reserved for distribution to perpetual securities holders	(3,417)	(3,408)	(3,417)	(3,408)
Foreign exchange adjustment gains	(325)	(245)	(325)	(245)
Adjustments of dividend income from subsidiaries	—	—	8,770	—
Other non-tax deductible items and adjustments	(593)	(971)	676	(419)
	385,854	19,524	112,228	36,048

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Notes	Group 2020 S$'000	Group 2019 S$'000	Trust 2020 S$'000	Trust 2019 S$'000
ASSETS					
Non-current assets					
Plant and equipment	12	41	55	—	—
Investment properties	13	939,670	1,340,780	33,800	34,500
Investments in subsidiaries	14	—	—	661,867	754,569
Loan receivable, non-current	16	—	—	30,288	34,661
Deferred tax assets	9	—	1,467	—	1,467
Total non-current assets		939,711	1,342,302	725,955	825,197
Current assets					
Trade and other receivables, current	15	45,028	48,833	10,388	8,471
Loan receivable, current	16	—	—	4,191	4,191
Other non-financial assets, current	17	877	3,021	40	912
Cash and cash equivalents	18	19,292	32,980	10,738	26,084
Total current assets		65,197	84,834	25,357	39,658
Total assets		1,004,908	1,427,136	751,312	864,855
Non-current liabilities					
Deferred tax liabilities	9	19,968	39,703	—	—
Other financial liabilities, non-current	22	293,660	486,410	293,660	486,410
Derivatives financial instruments	25	3,866	1,253	3,866	1,253
Total non-current liabilities		317,494	527,366	297,526	487,663
Current liabilities					
Income tax payable	9	676	1,951	—	—
Trade and other payables, current	23	17,316	18,840	25,437	26,070
Other financial liabilities, current	22	195,345	—	195,345	—
Other non-financial liabilities, current	24	10,107	23,043	2,062	2,004
Derivatives financial instruments	25	—	222	—	222
Total current liabilities		223,444	44,056	222,844	28,296
Total liabilities		540,938	571,422	520,370	515,959
Represented by:					
Net assets attributable to unitholders		403,092	794,836	170,064	288,018
Perpetual securities holders	20	60,878	60,878	60,878	60,878
Total net assets	19	463,970	855,714	230,942	348,896
Units in issue ('000)	19	807,206	797,675	807,206	797,675
Net asset value per unit in cents attributable to unitholders	19	49.94	99.64	21.07	36.11

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year Ended 31 December 2020

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
OPERATIONS				
Balance at 1 January	794,836	808,275	288,018	317,848
Total return attributable to unitholders of Trust	(352,410)	48,916	(78,784)	32,392
UNITHOLDERS' TRANSACTIONS (Note 19)				
Manager's management fees settled in units	8,020	9,471	8,020	9,471
Change in net assets resulting from creation of units	8,020	9,471	8,020	9,471
Amount reserved for distribution to perpetual securities holders	(3,417)	(3,408)	(3,417)	(3,408)
Distributions to unitholders (Note 11)	(43,773)	(68,285)	(43,773)	(68,285)
Net decrease in net assets resulting from unitholders' transactions	(39,170)	(62,222)	(39,170)	(62,222)
FOREIGN EXCHANGE RESERVE				
Net movement in other comprehensive loss	(164)	(133)	—	—
Total unitholders' funds at 31 December	403,092	794,836	170,064	288,018
PERPETUAL SECURITIES				
Balance at 1 January	60,878	60,878	60,878	60,878
Total return attributable to perpetual securities holders	3,417	3,408	3,417	3,408
Distribution to perpetual securities holders	(3,417)	(3,408)	(3,417)	(3,408)
Balance at 31 December	60,878	60,878	60,878	60,878
Total	463,970	855,714	230,942	348,896

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Year Ended 31 December 2020

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Cash flows from operating activities				
Total (loss)/ return before income tax	(358,232)	75,388	(77,317)	32,293
Adjustments for:				
Interest income	(1,436)	(2,364)	(1,262)	(1,555)
Interest expense	14,713	17,493	14,713	17,493
Depreciation expenses	14	13	—	—
Amortisation of borrowing costs	3,113	2,897	3,113	2,897
Foreign exchange adjustment gains	(325)	(245)	(325)	(245)
Dividend income	—	—	(29,519)	(61,639)
Losses on disposal of quoted shares	6	7	—	—
Decrease in fair value of investment properties	401,387	5,607	912	512
Impairment on investments in subsidiaries	—	—	75,457	—
Net fair value losses of derivatives financial instruments	2,391	1,040	2,391	1,040
Manager's management fees settled in units	2,750	4,878	2,750	4,878
Operating cash flows before changes in working capital	64,381	104,714	(9,087)	(4,326)
Trade and other receivables, current	3,770	10,589	(1,933)	9,096
Other non-financial assets, current	2,144	1,812	872	(661)
Trade and other payables, current	6,762	1,467	7,647	7,656
Other non-financial liabilities, current	(12,936)	250	58	39
Net cash flows from/ (used in) operating activities before income tax	64,121	118,832	(2,443)	11,804
Income taxes paid	(13,721)	(18,756)	—	—
Net cash flows from/ (used in) operating activities	50,400	100,076	(2,443)	11,804
Cash flows from investing activities				
Increase in investment properties	(425)	(1,202)	(212)	(112)
Net movements in amounts due from subsidiaries	—	—	51,136	90,558
Interest received	1,451	2,345	1,281	1,536
Investments in quoted shares	(268)	(620)	—	—
Disposals of quoted shares	262	639	—	—
Net cash flows from investing activities	1,020	1,162	52,205	91,982
Cash flows from financing activities				
Distribution to unitholders	(43,773)	(68,285)	(43,773)	(68,285)
Increase in borrowings	—	100,000	—	100,000
Repayment of borrowings	—	(110,000)	—	(110,000)
Interest paid	(17,918)	(14,323)	(17,918)	(14,323)
Distribution to perpetual securities holders	(3,417)	(3,408)	(3,417)	(3,408)
Net cash flows used in financing activities	(65,108)	(96,016)	(65,108)	(96,016)
Net (decrease)/ increase in cash and cash equivalents	(13,688)	5,222	(15,346)	7,770
Cash and cash equivalents, statement of cash flows, beginning balance	32,980	27,758	26,084	18,314
Cash and cash equivalents, statement of cash flows, ending balance (Note 18)	19,292	32,980	10,738	26,084

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PORTFOLIO

As at 31 December 2020

	Carrying value as at 31.12.2020 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2020 %	Carrying value as at 31.12.2019 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %
Group:				
Investment properties in Indonesia	901,771	223.70	1,298,200	163.33
Investment properties in Singapore	33,800	8.39	34,500	4.34
Investment property in South Korea	4,099	1.02	8,080	1.02
Portfolio of investment properties at valuation — total	939,670	233.11	1,340,780	168.69
Other net liabilities	(475,700)	(118.01)	(485,066)	(61.03)
Net assets attributable to holders	463,970	115.10	855,714	107.66
Perpetual securities	(60,878)	(15.10)	(60,878)	(7.66)
Net assets attributable to unitholders	403,092	100.00	794,836	100.00

	Carrying value as at 31.12.2020 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2020 %	Carrying value as at 31.12.2019 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %
Trust:				
Investment properties in Singapore	33,800	19.87	34,500	11.98
Portfolio of investment properties at valuation — total	33,800	19.87	34,500	11.98
Investments in subsidiaries	661,867	389.19	754,569	261.99
Other net liabilities	(464,725)	(273.26)	(440,173)	(152.83)
Net assets attributable to holders	230,942	135.80	348,896	121.14
Perpetual securities	(60,878)	(35.80)	(60,878)	(21.14)
Net assets attributable to unitholders	170,064	100.00	288,018	100.00

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PORTFOLIO

As at 31 December 2020

By Geographical Area

Description of Property / Location / Acquisition Date / Type of Property / Land Title Type / Term of Lease[(a)] / Remaining Term of Lease[(b)]	Gross floor area in square metres	Carrying value as at 31.12.2020 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2020 %	Carrying value as at 31.12.2019 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 10+10 years/ 7 years	3,593	9,100	2.26	9,400	1.18
Pacific Healthcare Nursing Home II @ Bukit Panjang 21 Senja Road, Singapore 677736 11 April 2007, Nursing Home 30 years leasehold from 2003 10+10 years/ 7 years	3,563	9,400	2.33	9,600	1.21
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/ 17 years	4,005	15,300	3.80	15,500	1.95
Portfolio of Investment Properties held by the Trust at Valuation — Sub-total		33,800	8.39	34,500	4.34
Indonesia					
Siloam Hospitals Lippo Village Jalan Siloam No. 6 Lippo Karawaci 1600 Tangerang, Banten, Indonesia 11 December 2006, Hospital Hak Guna Bangunan ("**HGB**") 15+15 years/ 16 years	32,696	164,008	40.69	162,400	20.43
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, West Jakarta, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 16 years	20,268	73,800	18.31	93,700	11.79
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70, Gubeng Surabaya, East Java, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 16 years (Also see Note 27)	9,065	40,266	9.99	27,900	3.51

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PORTFOLIO

As at 31 December 2020

By Geographical Area (continued)

Description of Property / Location / Acquisition Date / Type of Property / Land Title Type / Term of Lease[(a)] / Remaining Term of Lease[(b)]	Gross floor area in square metres	Carrying value as at 31.12.2020 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2020 %	Carrying value as at 31.12.2019 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %
Indonesia (continued)					
Imperial Aryaduta Hotel & Country Club Jalan Boulevard Jendral Sudirman, Kav. 401, Lippo Village 1300, Tangerang, Banten, Indonesia 11 December 2006, Hotel & Country Club HGB 15+15 years/ 16 years	17,926	41,400	10.27	41,000	5.16
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi Central Jakarta, Indonesia 30 December 2010, Hospital HGB 15+15 years/ 20 years	37,933	126,859	31.47	266,300	33.50
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105, Lippo Cikarang, Bekasi, Indonesia 31 December 2010, Hospital HGB 15+15 years/ 20 years	13,256	49,800	12.35	53,500	6.73
Siloam Hospitals Manado & Hotel Aryaduta Manado Jalan Sam Ratulangi No. 22, Komplek Boulevard Centre and Jalan Piere Tendean No. 1, Manado, North Sulawesi Indonesia 30 November 2012, Hospital & Hotel HGB 15+15 years/ 22 years	36,051	77,460	19.22	103,100	12.97
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5, Makassar City, South Sulawesi, Indonesia 30 November 2012, Hospital HGB 15+15 years/ 22 years	14,307	66,024	16.38	73,300	9.22

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PORTFOLIO
As at 31 December 2020

By Geographical Area (continued)

Description of Property / Location / Acquisition Date / Type of Property / Land Title Type / Term of Lease[(a)] / Remaining Term of Lease[(b)]	Gross floor area in square metres	Carrying value as at 31.12.2020 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2020 %	Carrying value as at 31.12.2019 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %
Indonesia (continued)					
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 23 years	20,958	63,006	15.63	124,400	15.65
Siloam Hospitals TB Simatupang Jalan Letjend. TB Simatupang, Jalan R.A. Kartini No. 8, Cilandak, South Jakarta, Indonesia 22 May 2013, Hospital HGB 15+15 years/ 23 years	18,605	41,931	10.40	118,900	14.96
Siloam Hospitals Purwakarta Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 24 years	8,254	22,910	5.68	42,000	5.29
Siloam Sriwijaya Jalan POM IX, Komplek Palembang Square, Palembang, South Sumatra, Indonesia 29 December 2014, Hospital Strata Title on Build, Operate and Transfer scheme 15+15 years/ 24 years	15,709	24,687	6.12	41,300	5.20
Siloam Hospitals Kupang & Lippo Plaza Kupang Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia 14 December 2015, Hospital & Mall Build, Operate and Transfer scheme 15+15 years/ 25 years	55,368	53,459	13.26	73,700	9.27

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PORTFOLIO

As at 31 December 2020

By Geographical Area (continued)

Description of Property / Location / Acquisition Date / Type of Property / Land Title Type / Term of Lease[(a)] / Remaining Term of Lease[(b)]	Gross floor area in square metres	Carrying value as at 31.12.2020 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2020 %	Carrying value as at 31.12.2019 S$'000	Percentage of net assets attributable to unitholders as at 31.12.2019 %
Indonesia (continued)					
Siloam Hospitals Labuan Bajo Jalan Gabriel Gampur, Labuan Bajo, East Nusa Tenggara, Indonesia 30 December 2016, Hospital HGB 15+15 years/ 26 years	7,604	11,178	2.77	20,900	2.63
Siloam Hospitals Buton & Lippo Plaza Buton Jalan Sultan Hasanuddin No. 50, 52, 54 and 58 Bau Bau, Sulawesi Tenggara, Indonesia 10 October 2017, Hospital & Mall Build, Operate and Transfer scheme 15+15 years/ 27 years	21,934	24,909	6.18	28,700	3.61
Siloam Hospitals Yogyakarta Jalan Laksda Adi Sucipto No. 32-34 Yogyakarta, Indonesia 22 December 2017, Hospital HGB 15+15 years/ 27 years	12,474	20,074	4.98	27,100	3.41
South Korea					
Sarang Hospital No. 9 Bongsannam 3rd Street, Yeosu City Jeonranam-Do, South Korea 5 August 2011, Hospital Freehold 10+10 years/ 11 years	4,982	4,099	1.02	8,080	1.02
Portfolio of Investment Properties held by the Group at Valuation — Total		939,670	233.11	1,340,780	168.69

Notes:

(a): This refers to the entire tenure of the master lease terms on the basis that the underlying HGB Titles of each of the properties can be extended and renewed, except for Siloam Sriwijaya which is held on a strata title basis under a Build, Operate and Transfer ("**BOT**") scheme, and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton which are under BOT schemes.

(b): This refers to the remaining tenure of the master lease terms as at 31 December 2020 on the basis that the underlying HGB Titles of each of the properties can be extended and renewed, except for Siloam Sriwijaya which is held on a strata title basis under a BOT scheme, and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton which are under BOT schemes.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

1. General

First Real Estate Investment Trust (the "**Trust**") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplemental Deed of Retirement and Appointment of Trustee dated 1 November 2017, Fifth Supplemental Deed dated 22 May 2018, Sixth Supplemental Deed dated 30 April 2019 and Seventh Supplemental Deed dated 7 April 2020) (the "**Trust Deed**") between First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited) (the "**Manager**") and Perpetual (Asia) Limited (the "**Trustee**"), governed by the laws of Singapore.

The Trust is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The principal activity of the Trust and its subsidiaries (the "**Group**") is to invest in a portfolio of income producing real estate properties, which are primarily used for healthcare and healthcare related purposes. The primary objective is to deliver regular and stable distributions to unitholders and to achieve long-term growth in the net asset value per unit.

The registered office of the Manager is 333 Orchard Road #33-02 Mandarin Orchard Singapore, Singapore 238867.

The financial statements were approved and authorised for issue by the board of directors of the Manager on 24 March 2021. The financial statements are for the Trust and the Group.

Uncertainties relating to the COVID-19 pandemic:

The COVID-19 pandemic and the aftermath of the pandemic has caused and continues to cause disruptions resulting in uncertainties surrounding the reporting entity's business, including affecting its relationships with its existing and future customers, tenants and employees, and which had and will continue to have an adverse effect on its financial position, financial performance of operations, cash flows and medium and long-term prospects for the foreseeable future. The current liabilities are more than the current assets. The financial position of the entity, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition, the notes to the financial statements include the objectives, policies and processes for managing capital; financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. The entity has considerable financial resources together with some satisfactory arrangements with many customers, suppliers and lenders. The Group has a strong and reputable hospital operator, PT Siloam International Hospitals Tbk in Indonesia. As a consequence, the management believes that the entity is well placed to manage its solvency, liquidity or other risks. The management is monitoring the situation closely and to mitigate the financial impact, it is carefully managing its operations and conserving liquidity by working with major suppliers and lenders to align repayment obligations with receivables collection. The management has reasonable expectation that the entity has adequate resources to continue in operational existence for the foreseeable future.

Accounting convention

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("**RAP 7**") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("**MAS**") and the provisions of the Trust Deed. RAP 7 requires that the accounting policies should generally comply with the principles relating to recognition and measurement of the Financial Reporting Standards ("**FRSs**") issued by the Singapore Accounting Standards Council.

The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

The financial statements are presented in Singapore dollars, recorded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. General (continued)

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Trust and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as equity investments financial assets in accordance with the financial reporting standard on financial instruments.

The Trust's separate financial statements have been prepared on the same basis.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Net assets attributable to unitholders

RAP 7 requires that the units are recognised on initial recognition as equity. The net assets attributable to unitholders comprise the residual interest in the assets of the unit trust after deducting its liabilities. Under RAP 7, distributions are accrued for at the reporting year end date if the Manager has the discretion to declare distributions without the need for unitholders or Trustee approval and a constructive or legal obligation has been created. Distributions to unitholders have been recognised as liabilities when they are declared.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Rental and other income

<u>(i) Rental income from operating leases</u>

Rental income is recognised from operating leases as income on either a straight-line basis or another systematic basis which is used if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

<u>(ii) Interest income</u>

Interest income is recognised on a time-proportion basis using the effective interest method.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Rental and other income (continued)

(iii) Dividend income

Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Foreign currency transactions

The functional currency of the Trust is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of foreign entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of unitholders' funds until the disposal of that relevant reporting entity.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in unitholders' funds if the tax is related to an item recognised directly in unitholders' funds. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Segment reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity. In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Joint arrangements — joint operations

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint operation, the parties with joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement. The reporting entity recognises its share of the operation's assets, liabilities, income and expenses that are combined line by line with similar items in the reporting entity's financial statements and accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses. When the reporting entity enters into a transaction with a joint operation, such as a sale or contribution of assets, the reporting entity recognises gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rate of depreciation is as follows:

Plant and equipment — 20%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

The gain or loss arising from the derecognition of an item of plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Investment properties

Investment property is property (land or a building or part of a building or both) owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the fair value model is used to measure the investment property at fair value as of the end of the reporting year. A gain or loss arising from a change in the fair value of investment property is included in profit or loss for the reporting year in which it arises. The fair values are measured periodically on a systematic basis at least once yearly by independent professional valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Unit-based payments

The issued capital is increased by the fair value of units issued for the transaction.

Leases of lessor

For a lessor each of lease is classified as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset and it is presented in its statement of financial position as a receivable at an amount equal to the net investment in the lease. For a finance lease the finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Financial instruments (continued)

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL, that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income ("**FVTOCI**"): There were no financial assets classified in this category at reporting year end date.

3. Financial asset that is an equity investment measured at FVTOCI: There were no financial assets classified in this category at reporting year end date.

4. Financial asset classified as measured at FVTPL: All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at FVTPL in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Derivative financial instruments

A derivative financial instrument is a financial instrument with all three of the following characteristics (a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices, credit ratings or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract; (b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) it is settled at a future date. The derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently classified as measured at FVTPL unless the derivative is designated and effective as a hedging instrument.

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2. Significant accounting policies and other explanatory information (continued)

2A. Significant accounting policies (continued)

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

In making the fair value measurement for a non-financial asset, management determines the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis.

2B. Other explanatory information

Units and perpetual securities

Proceeds from the issuance of units and perpetual securities are recognised as equity. Issue expenses relating to issuance of units and perpetual securities are deducted directly from the net assets attributable to the unitholders and perpetual securities holders respectively.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

2. Significant accounting policies and other explanatory information (continued)

2C. Critical judgements, assumptions and estimation uncertainties (continued)

Fair values of investment properties:

The Group carries the investment properties at fair value in the statement of financial position and engages independent professional valuers to undertake annual valuations. The independent professional valuers' reports included a material valuation uncertainty clause which highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic. The measurements of fair value of the investment properties are based on certain calculations which require the use of estimates and assumptions in relation to factors such as future rental income, growth rates, discount rates and terminal rates. The assumptions and the fair values are disclosed in Note 13 on investment properties.

Expected credit loss allowance on trade receivables:

The allowance for expected credit losses ("**ECL**") assessment requires a degree of estimation and judgement. It is based on the lifetime ECL for trade receivables. In measuring the ECL, management considers all reasonable and supportable information such as the reporting entity's past experience at collecting receipts, any increase in the number of delayed receipts in the portfolio past the average credit period, and forward looking information such as forecasts of future economic conditions (including the impact of the COVID-19 pandemic). The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in Note 15 on trade and other receivables.

Deferred tax: recovery of underlying assets:

The deferred tax relating to an asset is dependent on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model for investment property or when the revaluation model is required or permitted by a financial reporting standard for a non-financial asset. Management has taken the view that as there is clear evidence that the entity will consume the relevant asset's economic benefits throughout its economic life. The amount is disclosed in Note 9 on income tax.

COVID-19 pandemic and the aftermath:

Management has to exercise judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses at the end of the reporting year. The estimates and assumptions are based on historical experience and various other factors including the impact of the COVID-19 pandemic, and they form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The nature and the carrying amount of such assets and liabilities are disclosed with further details in the relevant notes to these financial statements. It is reasonably possible, based on existing knowledge that outcomes within the next reporting year are likely to be different from the current assumptions as the anticipated events frequently do not occur as expected and the variation may be material and could require material adjustments to the carrying amounts of the balances affected.

3. Related party relationships and transactions

3A. Related party transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) related party relationships, transactions and outstanding balances, including commitments, including (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

The ultimate controlling party is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

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3. Related party relationships and transactions (continued)

3A. Related party transactions (continued)

There are transactions and arrangements between the Group and the Trust with related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and financial guarantees if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise. Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Property rental income	57,360	96,001	—	—
The Manager				
Management fees	(9,410)	(11,401)	(9,366)	(11,357)
The Trustee				
Trustee fees	(416)	(430)	(416)	(430)

The lessees, Lippo Karawaci and its subsidiaries, have provided bank guarantees of S$50,330,000 (2019: S$50,268,000) in lieu of the security deposits for rental income from the properties. These guarantees which expired in 2020 have been renewed up to March, May, September, October, November and December 2021 as appropriate.

The Group and the Trust have no employees. All the required services are provided by the Manager and external service providers.

The Trust has entered into several service agreements in relation to the management of the Trust. The fee structures of these services are as follows:

(A) Manager's fees

Under the Trust Deed, the Manager is entitled to management fees comprising the base fee and performance fee as follows:

(i) A base fee of 0.4% (2019: 0.4%) per annum of the value of the Deposited Property. Any increase in the rate of the base fee above the permitted limit or any change in the structure of the base fee shall be approved by an extraordinary resolution of a meeting of unitholders. The Manager may opt to receive the base fee in the form of units and/or cash.

(ii) A performance fee fixed at 5.0% (2019: 5.0%) per annum of the Group's Net Property Income ("**NPI**") or the NPI of the relevant Special Purpose Companies ("**SPCs**") for each year. NPI in relation to a real estate in the form of land, whether directly held by the Trustee or indirectly held by the Trustee through a SPC, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units and/or cash. Based on the First Amending and Restating Deed dated 23 March 2016, the performance fees for the financial year is computed based on audited accounts relating to the relevant SPCs.

(iii) Manager's acquisition fee determined at 1.0% (2019: 1.0%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

(iv) A divestment fee at 0.5% (2019: 0.5%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

3. Related party relationships and transactions (continued)

3A. Related party transactions (continued)

(B) Trustee fees

Under the Trust Deed, the Trustee is entitled to an annual fee not exceeding 0.1% (2019: 0.1%) of the value of the Deposited Property (as defined in the Trust Deed).

The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is subject to review every three years.

3B. Key management compensation

The Trust obtains key management personnel services from the Manager.

Key management personnel of the Manager, include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly. Further information about the remuneration of individual directors of the Manager is provided in the report on corporate governance of the Trust.

3C. Interests in the Trust

	Units held		% interest held	
	2020	**2019**	**2020**	**2019**
The Manager				
First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited)	75,573,533	66,041,697	9.36	8.28
The director of the Manager				
Mr. Tan Kok Mian Victor	102,569	102,569	*	*

* Amount is less than 1%

4. Rental and other income

	Group		Trust	
	2020 S$'000	**2019 S$'000**	**2020 S$'000**	**2019 S$'000**
Rental income	79,316	115,295	3,375	3,991
Government grant from rental relief framework[#a]	303	—	303	—
Dividend income from quoted equity shares at FVTPL	—	2	—	—
Dividend income from subsidiaries	—	—	29,519	61,639
	79,619	115,297	33,197	65,630

#a. The purpose of the government grant is to provide rental relief to property owners which in turn provide the necessary rental relief to their eligible tenants of the prescribed properties under the Rental Relief Framework during this period of economic uncertainty amid COVID-19.

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5. Property operating expenses

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Property tax expense	—	193	—	193
Valuation expenses	242	275	35	22
Professional fees	860	938	—	19
Impairment allowance on trade receivables	842	624	—	—
Others	210	373	11	3
	2,154	2,403	46	237

6. Manager's management fees

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Base fees (Note 3A)	5,552	5,756	5,508	5,712
Performance fees (Note 3A)	3,858	5,645	3,858	5,645
	9,410	11,401	9,366	11,357

7. Finance costs

	Group and Trust	
	2020 S$'000	2019 S$'000
Interest expense	14,713	17,493
Amortisation of borrowing costs	3,113	2,897
	17,826	20,390

8. Other expenses

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Foreign exchange adjustment gains	(2)	(163)	(325)	(228)
Handling and processing fees	287	285	287	285
Professional fees	455	384	455	384
Project expenses	4,795	286	4,795	286
Others	168	210	150	199
	5,703	1,002	5,362	926

Included in the project expenses amounting to S$3,618,000 (2019: Nil) were professional fees related to proposed Master Lease Agreement ("**MLA**") restructuring for Indonesia properties as disclosed in Note 30.

8. Other expenses (continued)

Total fees to the auditors:

	Group 2020 S$'000	Group 2019 S$'000	Trust 2020 S$'000	Trust 2019 S$'000
Audit fees to independent auditors of the Trust	250	280	136	166
Audit fees to other independent auditors	214	233	—	—
Non-audit fees to independent auditors of the Trust	88	77	88	77
Non-audit fees to other independent auditors	12	208	—	—

Total fees to independent auditors are included in property operating expenses (Note 5) and other expenses (Note 8).

9. Income tax

9A. Components of tax expense/ (benefit) recognised in profit or loss include:

	Group 2020 S$'000	Group 2019 S$'000	Trust 2020 S$'000	Trust 2019 S$'000
Current tax expense:				
Current tax expense	12,446	18,718	—	—
Subtotal	12,446	18,718	—	—
Deferred tax (benefit)/ expense:				
Deferred tax (benefit)/ expense	(18,268)	7,754	1,467	(99)
Subtotal	(18,268)	7,754	1,467	(99)
Total income tax (benefit)/ expense	(5,822)	26,472	1,467	(99)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2019: 17%) to profit or loss before income tax as a result of the following differences:

	Group 2020 S$'000	Group 2019 S$'000	Trust 2020 S$'000	Trust 2019 S$'000
Total (loss)/ return before income tax	(358,232)	75,388	(77,317)	32,293
Income tax (benefit)/ expense at the above rate	(60,899)	12,816	(13,144)	5,490
Non-deductible/ (liable to tax) items	4,572	6,501	15,067	(5,192)
Effect of different tax rates in different countries	46,370	479	—	—
Foreign withholding tax	4,591	7,073	—	—
Tax transparency[(a)]	(456)	(397)	(456)	(397)
Total income tax (benefit)/ expense	(5,822)	26,472	1,467	(99)

The amount of current income taxes payable as at the end of the reporting year was S$676,000 (2019: S$1,951,000) for the Group. Such an amount is net of tax advances, which according to the tax rules, were paid before the end of the reporting year.

(a) There is a tax ruling issued by the Inland Revenue Authority of Singapore (the "**IRAS**") to grant tax transparency treatment on rental and other related income derived by the Trust. Under this tax transparency treatment, subject to meeting the terms and conditions of the tax ruling, the Trustee is not subject to tax on such taxable income to the extent of the amount distributed to unitholders. Instead, the distributions made by the Trust out of such taxable income are subject to tax in the hands of unitholders, unless they are exempt from tax on such distributions. For taxable income that is not distributed, tax on such amount of taxable income will be assessed on the Trust.

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9. Income tax (continued)

9B. Deferred tax (benefit)/ expense recognised in profit or loss include:

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Deferred tax relating to the changes in fair value of investment properties	(18,268)	7,754	1,467	(99)

9C. Deferred tax balance in the statement of financial position:

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Deferred tax (liabilities)/ assets recognised in profit or loss:				
Deferred tax relating to the changes in fair value of investment properties	(19,968)	(38,236)	—	1,467

Presented in the statements of financial position as follows:

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Deferred tax liabilities	(19,968)	(39,703)	—	—
Deferred tax assets	—	1,467	—	1,467
Net balance	(19,968)	(38,236)	—	1,467

It is impracticable to estimate the amount expected to be settled or used within one year.

In 2020, the Group has changed its accounting method for the recognition of deferred tax on investment properties from income approach to sales approach, to align with the accounting policy adopted by its parent company.

10. (Loss)/ Earnings per unit

The following table illustrates the numerators and denominators used to calculate basis and diluted (loss)/ earnings per unit of no par value:

	Group	
	2020	2019
Denominator: Weighted average number of units outstanding during the year ('000)	802,634	793,376
Numerator: (Loss)/ Earnings attributable to unitholders Total (loss)/ return after income tax (S$'000)	(355,827)	45,508
(Loss)/ Earnings per unit (in cents) Basic and diluted	(44.33)	5.74

The weighted average number of units refers to units in circulation during the reporting year.

The diluted (loss)/ earnings per unit is the same as the basic (loss)/ earnings per unit as there were no dilutive instruments in issue during the reporting year.

11. Distributions to unitholders

	Group and Trust 2020 S$'000	2019 S$'000
Total distribution paid during the year:		
Distribution of 2.15 cents per unit for the period from 1 October 2018 to 31 December 2018	—	16,991
Distribution of 2.15 cents per unit for the period from 1 January 2019 to 31 March 2019	—	17,045
Distribution of 2.15 cents per unit for the period from 1 April 2019 to 30 June 2019	—	17,099
Distribution of 2.15 cents per unit for the period from 1 July 2019 to 30 September 2019	—	17,150
Distribution of 2.15 cents per unit for the period from 1 October 2019 to 31 December 2019	17,200	—
Distribution of 1.86 cents per unit for the period from 1 January 2020 to 31 March 2020	14,880	—
Distribution of 0.44 cents per unit for the period from 1 April 2020 to 30 June 2020	3,540	—
Distribution of 1.01 cents per unit for the period from 1 July 2020 to 30 September 2020	8,153	—
	43,773	68,285

11A. Distribution per unit

	Group and Trust 2020 Cents per unit	2019 Cents per unit	2020 S$'000	2019 S$'000
Based on the number of units in issue at the dates of distribution	4.15	8.60	33,413	68,463

Distribution Type

Name of Distribution: Distribution during the period (interim distributions)

Distribution Type: Income/Capital

Distribution Rate:	Group and Trust 2020 Cents per unit	2019 Cents per unit	2020 S$'000	2019 S$'000
Taxable Income[(a)]:	0.23	0.24	1,851	1,909
Tax-exempt Income[(b)]:	1.14	3.50	9,129	27,833
Capital[(c)]:	1.94	2.71	15,593	21,552
Subtotal:	3.31	6.45	26,573	51,294

Name of Distribution: Distribution declared subsequent to end of the reporting year (final distribution) (See Note 30)

Distribution Type: Income/Capital

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11. Distributions to unitholders (continued)

11A. Distribution per unit (continued)

Distribution Rate:	**Group and Trust** 2020 Cents per unit	2019 Cents per unit	2020 S$'000	2019 S$'000
Taxable Income[(a)]:	0.10	0.09	830	699
Tax-exempt Income[(b)]:	—	1.15	—	9,189
Capital[(c)]:	0.74	0.91	6,010	7,281
Subtotal:	0.84	2.15	6,840	17,169
Total annual distribution paid or declared				
Taxable Income[(a)]:	0.33	0.33	2,681	2,608
Tax-exempt Income[(b)]:	1.14	4.65	9,129	37,022
Capital[(c)]:	2.68	3.62	21,603	28,833
Total:	4.15	8.60	33,413	68,463

(a) Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from Singapore income tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. The Monetary Authority of Singapore has announced that the 10% tax concession has been extended till 31 December 2025.

All other investors will receive their distributions after deduction of tax at the rate of 17% (2019: 17%).

(b) Tax-exempt income distribution is exempt from Singapore income tax in the hands of all unitholders.

(c) Capital distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who are liable to Singapore income tax on profits from the sale of the Trust's units, the amount of capital distribution will be applied to reduce the cost base of their Trust's units for Singapore income tax purposes.

Current Distribution Policy:

The Trust's current distribution policy is to distribute at least 90.0% (2019: 90.0%) of its taxable and tax-exempt income (after deduction of applicable expenses) and certain capital receipts. The capital receipts comprise amounts received by the Trust from redemption of redeemable preference shares and shareholder loans in the Singapore subsidiaries.

12. Plant and equipment

	Plant and equipment S$'000
Group:	
Cost:	
At 1 January 2019, 31 December 2019 and 31 December 2020	68
Accumulated depreciation:	
At 1 January 2019	*
Depreciation	13
At 31 December 2019	13
Depreciation	14
At 31 December 2020	27
Carrying amount:	
At 1 January 2019	68
At 31 December 2019	55
At 31 December 2020	41

* Amount is less S$1,000.

Depreciation expense is recorded in other expenses.

13. Investment properties

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
At fair value:				
Balance at beginning of the year	1,340,780	1,345,295	34,500	34,900
Additions at cost	425	1,202	212	112
Translation differences	(148)	(110)	—	—
Change in fair value included in statements of total return (Level 3)	(401,387)	(5,607)	(912)	(512)
Balance at end of the year	939,670	1,340,780	33,800	34,500
Rental income from investment properties	79,316	115,295	3,375	3,991
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the reporting year	(2,154)	(2,403)	(46)	(237)

The decrease in fair value of the investment properties is mainly due to net fair value losses on revaluation of investment properties, which the valuation of certain Indonesia properties have taken into consideration the terms arising from (a) the memorandum of understanding entered with PT Lippo Karawaci Tbk dated 28 November 2020 (Restructuring of Master Leases); (b) the memorandum of understanding entered into with PT Metropolis Propertindo Utama dated 28 November 2020; and (c) existing occupation arrangements of the properties not affected by (a) or (b) (more fully disclosed below).

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31 December 2020

13. Investment properties (continued)

The Group's portfolio consists of properties located in Indonesia, Singapore and South Korea (see the statements of portfolio). These investment properties include the mechanical and electrical equipment located in the respective properties.

The fair value of each investment property was measured on 2 November 2020 and updated to 31 December 2020 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The valuations were based on the discounted cash flow and direct capitalisation methods as appropriate. The fair values were based on valuations made by independent professional valuers on a systematic basis at least once yearly. In relying on the valuation reports, management is satisfied that the independent professional valuers have appropriate professional qualifications, are independent and have recent experience in the location and category of the properties being valued. There have been no changes to the valuation techniques during the year. Management concurred that the highest and best use of the assets are the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The key assumptions and inputs for the fair value calculations are as follows:

	2020	2019
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties		
Indonesia (Affected properties)	11.70%#(A)	9.30% to 10.00%
Indonesia (Non-affected properties)	9.50% to 9.56%#(A)	9.42% to 10.40%
Singapore	8.75%	8.75%
South Korea	#(E)	#(E)
2. Growth rates based on escalation rate in the lease agreements		
Indonesia (Affected properties)	#(C)	#(B)
Indonesia (Non-affected properties)	#(B)	#(B)
Singapore	2.00%	2.00%
South Korea	#(E)	#(E)
3. Cash flow forecasts derived from recent budget		
Indonesia	10 to 24 years	1 to 25 years
Singapore	10 years	10 years
South Korea	#(E)	#(E)
4. Terminal rate#(D)		
Indonesia (Affected properties)	9.00% to 9.25%	8.50% to 9.00%
Indonesia (Non-affected properties)	9.25% to 9.98%	9.00% to 9.40%
Singapore	7.25% to 7.50%	7.25% to 7.50%
South Korea	#(E)	#(E)
5. Dates of valuations		
Indonesia	2 Nov 2020	5 Dec 2019
Singapore	2 Nov 2020	5 Dec 2019
South Korea	2 Nov 2020	5 Dec 2019

#(A) During the reporting year, the Trustee has entered into memorandum of understanding with its tenants, PT Lippo Karawaci Tbk ("**LPKR**") and PT Metropolis Propertindo Utama ("**MPU**") to restructure the leases of certain Indonesia healthcare properties. The affected Indonesia properties (as defined herein)[1] within the LPKR MLA Restructuring and MPU MLA Restructuring exercise will receive rentals in Indonesia Rupiah. A higher discount rate that takes into account rentals to be received in Indonesia Rupiah was adopted. For the non-affected Indonesia properties[2] that continue to receive rentals in Singapore Dollar, there was no significant change in the discount rates.

1 The affected Indonesia properties comprise Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Manado (excluding Hotel Aryaduta Manado), Siloam Hospitals Makassar, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Purwakarta, Siloam Sriwijaya, Siloam Hospitals Kupang (excluding Lippo Plaza Kupang), Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton (excluding Lippo Plaza Buton) and Siloam Hospitals Yogyakarta.

2 The non-affected Indonesia properties comprise Imperial Aryaduta Hotel & Country Club, Siloam Hospitals Lippo Cikarang, Hotel Aryaduta Manado (excluding Siloam Hospitals Manado), Lippo Plaza Kupang (excluding Siloam Hospitals Kupang) and Lippo Plaza Buton (excluding Siloam Hospitals Buton).

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31 December 2020

13. Investment properties (continued)

#(B) The growth rate for the base rents of the non-affected Indonesia properties were capped at 2.00% (2019: 2.00%) of the preceding 12 months' base rent depending on the Consumer Price Index of Singapore. The variable rent is the amount equivalent from 0.00% to 2.00% (2019: 0.00% to 2.00%) of the tenant's gross revenue for the preceding calendar year, depending on the tenant's gross revenue growth.

#(C) The growth rate for the base rents for the affected Indonesia properties were at 4.50% as agreed in the restructured MLAs. The performance based rent is at 8% of the affected Indonesia properties preceding financial year's hospital gross operating revenue. The adopted annual rent shall be the higher of base or performance based rents.

#(D) No terminal rate was used for the valuation of Siloam Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton whose respective agreements with the provincial governments only allow for a fixed lease period each.

#(E) The valuations of the South Korea property for 2020 and 2019 were based on the direct capitalisation method. The direct capitalisation method is a valuation method used to convert a single year's income expectancy into a value estimate. The income used is the market rental of this property adjusted for operating expenses (net operating income). An overall capitalisation rate of 6.40% (2019: 6.40%) is applied to the net operating income to arrive at the fair value of the property. The overall capitalisation rate used takes into account the level of risk associated with the property.

The valuations for 2020 were made by the following independent professional valuers:

1. One Indonesia property — KJPP Willson dan Rekan in association with Knight Frank (2019: Three)
2. Fifteen Indonesia properties — Cushman & Wakefield VHS Pte. Ltd. in cooperation with KJPP Firman, Suryantoro, Sugeng, Suzy, Hartomo & Rekan (2019: Three) [(a)]
3. Three Singapore properties — Savills Valuation and Professional Services (S) Pte. Ltd. (2019: Three)
4. South Korea property — Colliers International (Hong Kong) Limited (2019: One)[(b)]

(a) For Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Labuan Bajo, Cushman & Wakefield VHS Pte. Ltd. has been appointed as independent professional valuers for a third consecutive financial year, as permitted under 8.3(e) of Appendix 6 to the Code on Collective Investment Schemes.

(b) The valuation for the property as valued by Colliers International (Hong Kong) Limited was US$4.6 million as at 31 December 2020. Based on potential upcoming costs of capital expenditures, the manager has taken a prudent view to mark down the valuation to US$3.1 million.

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds from disposal.

Other than Sarang Hospital, Siloam Hospitals Surabaya and Siloam Hospitals Yogyakarta, all the properties are mortgaged as security for the bank facilities (Note 22). Other details on the properties are disclosed in the statements of portfolio.

The types of property titles held by the Group are as follows:

(a) Hak Guna Bangunan ("**HGB**") Title

This title gives the right to construct and own buildings on a plot of land. The right is transferable and may be encumbered. Technically, HGB is a leasehold title which the State retains "ownership". For practical purposes, there is little difference from a freehold title. HGB title is granted for an initial period of up to 30 years and is extendable for a subsequent 20-year period and another 30-year period. Upon the expiration of such extensions, new HGB title may be granted on the same land. The cost of extension is determined based on a certain formula as stipulated by the National Land Office (Badan Pertanahan Nasional) in Indonesia.

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13. Investment properties (continued)

(b) Build, Operate and Transfer Scheme ("**BOT Scheme**")

This scheme is a structure in Indonesia for the construction of commercial buildings where Indonesia government owns the relevant land ("**BOT land**"). Under the BOT scheme, the Indonesia government which owns BOT land ("**BOT grantor**") agrees to grant certain rights over the BOT land to another party ("**BOT grantee**").

The BOT grantee can develop the site, subject to the relevant approvals and then operate the buildings constructed on the BOT land for a particular period of time as stipulated in the BOT agreement, including obtaining Strata title certificates on the BOT land. A BOT scheme is granted for an initial period of 20 to 30 years and is extendable upon agreement of both the grantor and grantee. Upon expiration of the term of the BOT agreement, the BOT grantee must return the land, together with any buildings and fixtures on top of the land, without either party providing any form of compensation to the other.

(c) Strata Title

This title gives the party who holds the property the ownership of common areas, common property and common land proportionately with other Strata title owners.

The commencement date of each title varies.

The investment properties are leased out under operating leases (Notes 3 and 28).

Information about fair value measurements using significant unobservable inputs (Level 3)

All fair value measurements of investment properties are categorised within Level 3 of the fair value hierarchy, and a description of the valuation techniques and the significant inputs used in the fair value measurement are as follows:

Description	Valuation technique(s)	Key unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Investment properties (Affected properties)	Discounted cash flow method	Discount rate	11.70% (2019: 9.30% to 10.00%)	The higher the discount rate, the lower the fair value.
		Terminal rate	9.00% to 9.25% (2019: 8.50% to 9.00%)	The higher the terminal rate, the lower the fair value.
Investment properties (Non-affected properties)	Discounted cash flow method	Discount rate	8.75% to 9.56% (2019: 8.75% to 10.40%)	The higher the discount rate, the lower the fair value.
		Terminal rate	7.25% to 9.98% (2019: 7.25% to 9.40%)	The higher the terminal rate, the lower the fair value.
	Direct capitalisation method	Capitalisation rate	6.40% (2019: 6.40%)	The higher the capitalisation rate, the lower the fair value.

There were no significant inter-relationships between unobservable inputs.

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13. Investment properties (continued)

Information about fair value measurements using significant unobservable inputs (Level 3) (continued)

The independent professional valuers' reports included a material valuation uncertainty clause which highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuations as a result of the COVID-19 pandemic. The valuations were based on information available and market conditions as at 31 December 2020. Values may change subsequently as the impact of COVID-19 is fluid and continue to evolve.

Sensitivity analysis on key estimates:

Indonesia properties:

1. Discount rates

   A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows, would have an effect on total return before tax of — lower by S$62,277,000 (2019: S$76,600,000); higher by S$69,058,000 (2019: S$85,100,000) respectively.

2. Growth in rental income

   A hypothetical 10% increase or decrease in the rental income would have an effect on total return before tax of — higher by S$77,413,000 (2019: S$128,063,000); lower by S$74,688,000 (2019: S$127,667,000) respectively.

3. Terminal rates

   A hypothetical 10% increase or decrease in the terminal rate, would have an effect on total return before tax of — lower by S$31,888,000 (2019: S$44,300,000); higher by S$38,941,000 (2019: S$54,900,000) respectively.

Singapore properties:

1. Discount rates

   A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows, would have an effect on total return before tax of — lower by S$1,500,000 (2019: S$1,600,000); higher by S$1,500,000 (2019: S$1,600,000) respectively.

2. Growth in rental income

   A hypothetical 10% increase or decrease in the rental income, would have an effect on total return before tax of — higher by S$3,300,000 (2019: S$3,400,000); lower by S$3,500,000 (2019: S$3,500,000) respectively.

3. Terminal rates

   A hypothetical 10% increase or decrease in the terminal rate, would have an effect on total return before tax of — lower by S$200,000 (2019: S$200,000); higher by S$100,000 (2019: S$100,000) respectively.

South Korea property:

1. Growth in rental income

   A hypothetical 10% increase or decrease in the rental income, would have an effect on total return before tax of — higher by S$528,000 (2019: S$808,000); lower by S$662,000 (2019: S$673,000) respectively.

2. Capitalisation rates

   A hypothetical 10% increase or decrease in the capitalisation rate, would have an effect on total return before tax of — lower by S$662,000 (2019: S$1,077,000); higher by S$661,000 (2019: S$1,616,000) respectively.

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13. Investment properties (continued)

Valuation processes of the Group

The Group has a team that oversees the valuations of investment properties by independent professional valuers required for financial reporting, including fair values. This Asset and Investment team ("**valuation team**") and Finance team report directly to the Chief Executive Officer ("**CEO**"). Discussions of valuation processes and results are held between the CEO, the finance team and the valuation team. The team engages independent professional valuers to determine the fair value of the Group's properties every reporting year.

The main Level 3 inputs used by the Group are derived and evaluated as follows:

- *Discount rates*

  The discount rates have been determined using the independent professional valuers' model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

- *Terminal rates*

  The terminal rates have been determined using the independent professional valuers' model of the location, building quality, surrounding local market condition, competitive positioning of the property, perceived market conditions in the future, estimated cash flow profile, overall physical condition and age of each property.

- *Expected net rental cash flows*

  These are estimated by management based on existing and restructured lease agreements and market conditions as at 31 December 2020 and assumed that the renewal option leases contain similar terms and conditions as the existing or restructured leases. The estimates are largely consistent with management's knowledge of actual conditions and situations from tenants.

As the lessor, the reporting entity manages the risk associated with any rights it retains in the underlying assets including any means to reduce that risk. Such means may include, insurance coverage, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits, having clauses in the leases providing for compensation to the lessor when a property has been subjected to excess wear-and-tear during the lease term.

14. Investments in subsidiaries

	Trust	
	2020 S$'000	**2019 S$'000**
Movements during the year. At cost:		
Balance at beginning of the year	754,569	778,734
Redemption of redeemable preference shares	(17,245)	(24,165)
Allowance for impairment	(75,457)	—
Cost at the end of the year	661,867	754,569
Total cost comprising:		
Unquoted equity shares at cost	414,292	414,292
Redeemable preference shares at cost	331,168	348,413
Allowance for impairment	(83,593)	(8,136)
Total at cost	661,867	754,569
Movement in allowance for impairment:		
Balance at beginning of the year	(8,136)	(8,136)
Additions	(75,457)	—
Balance at end of the year	(83,593)	(8,136)

14. Investments in subsidiaries (continued)

The decreasing performance of subsidiaries was considered sufficient evidence to trigger the impairment test. As detailed in this Note the impairment test resulted in the recognition of a loss. Certain subsidiaries have suffered from a decrease in fair value of investment property held. Accordingly they have been written down to the recoverable amount.

The details of the subsidiaries are disclosed in Note 33 below.

15. Trade and other receivables, current

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Trade receivables:				
Outside parties	8,169	11,902	24	617
Less impairment allowance	(5,050)	(4,324)	—	—
Related parties (Note 3)	11,678	12,122	8	8
Net trade receivables — subtotal	14,797	19,700	32	625
Other receivables:				
Subsidiaries	—	—	10,542	8,210
Less impairment allowance	—	—	(567)	(567)
Related party[a]	27,035	27,035	—	—
Outside parties	3,196	2,098	381	203
Net other receivables — subtotal	30,231	29,133	10,356	7,846
Total trade and other receivables	45,028	48,833	10,388	8,471

(a) The amount comprises of progress payments made to a related party, PT Saputra Karya ("**PT SK**") and professional fees, in relation to the development works of a new Siloam Hospitals Surabaya. As part of the lease restructuring and memorandum of understanding entered with LPKR dated 28 November 2020, LPKR will propose a plan for a full and final settlement of all the outstanding obligations between PT SK by 30 June 2021 or by such other date as the Trustee and LPKR may agree.

The other receivables from outside parties are mainly tax recoverable for the properties acquired.

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Movement in above allowance:				
Balance at beginning of the year	(4,324)	(3,754)	(567)	(567)
Impairment allowance included in statement of total return	(842)	(624)	—	—
Foreign exchange difference	116	54	—	—
Balance at the end of the year	(5,050)	(4,324)	(567)	(567)

The ECL on the trade receivables are based on the simplified approach to measuring ECL which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. The reporting entity has only a few customers and which credit risk can be graded individually and these are recorded at inception net of expected lifetime ECL. For the few customers with large balances the credit risk is graded individually. For these large balances, at the end of the reporting year, a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. A loss allowance was recognised for the large balances. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates (including the impact of the COVID-19 pandemic) are analysed.

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15. Trade and other receivables, current (continued)

The ageing of the trade receivables is as follows:

	Gross amount		Loss allowance	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Trade receivables:				
1 to 30 days past due	4,119	14,973	—	—
31 to 60 days past due	3,942	1,186	(162)	(107)
61 to 90 days past due	189	315	—	—
Over 90 days past due	11,597	7,550	(4,888)	(4,217)
Total	19,847	24,024	(5,050)	(4,324)

Of the S$19,847,000 past due trade receivables amount above, S$14,797,000 have been subsequently settled as of the date of this report.

The loss allowance of S$5,050,000 (2019: S$4,324,000) was due to the receivable from the tenant of Sarang Hospital.

The other receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables can be graded for credit risk individually. At inception they are recorded net of expected 12 months credit losses. At each reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

At the end of the reporting year, a loss allowance is recognised at an amount equal to the lifetime ECL if there has been a significant increase in credit risk since initial recognition including the impact of the COVID-19 pandemic. No loss allowance was necessary.

Related company other receivables are regarded as of low credit risk if they are guaranteed by the parent or a related company with the ability to settle the amount.

16. Loan receivable

	Trust	
	2020 S$'000	2019 S$'000
Loan receivable from subsidiary:		
Non-current portion	30,288	34,661
Current portion	4,191	4,191
Total	34,479	38,852

The agreement for the loan receivable provides that it is unsecured, with effective interest at 3.12% to 3.49% (2019: 3.37% to 3.49%) per annum and is repayable by quarterly instalments over 20 years from 30 December 2010 at Singapore Swap Offer Rate ("**SOR**") plus a margin. The loan is carried at amortised cost using the effective interest method. A portion of the loan receivable has no interest and repayment is dependent on the cash flows of the borrower. The fair value is a reasonable approximation of the carrying amount as the loan is a floating rate instrument that is frequently re-priced to market interest rates. The amount is not past due.

Loan receivable from subsidiary is regarded as of low credit risk if the subsidiary has the ability to settle the amount.

17. Other non-financial assets, current

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Prepayments	42	915	40	912
Prepaid other taxes	835	2,106	—	—
	877	3,021	40	912

18. Cash and cash equivalents

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Not restricted in use	19,292	32,980	10,738	26,084

The rate of interest for the cash on interest-earning accounts is 0.12% to 1.65% (2019: 1.55% to 1.72%) per annum.

18A. Non-cash transactions:

Group

There were units issued as settlement of the Manager's management fees (Note 19).

Trust

(a) Dividend income amounting to S$29,519,000 (2019: S$61,639,000) were offset against the amount due to subsidiaries.

(b) Redeemable preference shares amounting to S$17,245,000 (2019: S$24,165,000) redeemed during the financial year were offset against the amount due to subsidiaries.

(c) The repayment of loan receivable amounting to S$4,373,000 (2019: S$4,754,000) was offset against the amount due to a subsidiary.

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18. Cash and cash equivalents (continued)

18B. Reconciliation of liabilities arising from financing activities:

The changes in the Group's and the Trust's liabilities arising from financing activities can be classified as follow:

	Non-current borrowings S$'000	Current borrowings S$'000	Total S$'000
Balance at 1 January 2019	386,761	109,658	496,419
Cash flows:			
Proceeds	100,000	—	100,000
Repayments	—	(110,000)	(110,000)
Non-cash changes:			
Borrowing cost capitalised during the year	(2,520)	—	(2,520)
Amortisation	2,555	342	2,897
Foreign exchange differences	(386)	—	(386)
Balance at 31 December 2019	486,410	—	486,410
Non-cash changes:			
Reclassification*	(194,699)	194,699	—
Amortisation	1,949	1,164	3,113
Foreign exchange differences	—	(518)	(518)
Balance at 31 December 2020	293,660	195,345	489,005

* Reclassification between non-current borrowings to current borrowings is due to bank loans maturing in March 2021.

19. Units in issue and net assets value attributable to unitholders

	Group and Trust 2020 '000	2019 '000
Units at beginning of the year	797,675	788,480
Issuance of new units as settlement of management fees[(a)]	9,531	9,195
Units at end of the year	807,206	797,675

(a) A total of 9,531,000 (2019: 9,195,000) new units at an issue price range from S$0.4668 to S$1.0013 (2019: S$0.9793 to S$1.0391) per unit were issued in respect of the settlement for the Manager's management fees to the Manager.

At the end of the reporting year, 3,493,000 (2019: 2,318,000) units were issuable as settlement for the Manager's management fees for the last quarter of the reporting year.

The issue price for determining the number of units issued and issuable as Manager's management fees is calculated based on the volume weighted average traded price ("**VWAP**") for all trades done on SGX-ST in the ordinary course of trading for 10 business days immediately preceding the respective last business day of the respective quarter end date.

Under the Trust Deed, every unit carries the same voting rights. Each unit represents an equal and undivided beneficial interest in the assets of the Trust. Units have no conversion, retraction, redemption or pre-emptive rights. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Receive audited financial statements and the annual report of the Trust; and

19. Units in issue and net assets value attributable to unitholders (continued)

- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust.

No unitholder has a right to require that any assets of the Trust be transferred to him.

Further, unitholders cannot give directions to the Trustee or the Manager (whether at a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- The Trust ceasing to comply with applicable laws and regulations; or

- The exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager.

The Trust Deed contains provisions that are designed to limit the liability of a unitholder to the amount paid or payable for any unit. The provisions seek to ensure that if the issue price of the units held by a unitholder has been fully paid, no such unitholder, by reason alone of being a unitholder, will be personally liable to indemnify the Trustee or any creditor of the Trust in the event that the liabilities of the Trust exceeds its assets.

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Net assets value attributable to unitholders	403,092	794,836	170,064	288,018
Net assets value per unit (in cents) attributable to unitholders	49.94	99.64	21.07	36.11

19A. Movements in components of unitholders' funds and perpetual securities holders

	Unitholders' funds					
Group:	**Issued equity S$'000**	**Retained earnings S$'000**	**Foreign exchange reserve S$'000**	**Subtotal S$'000**	**Perpetual securities S$'000**	**Total S$'000**
Current year:						
Opening balance at 1 January 2020	368,318	425,238	1,280	794,836	60,878	855,714
Total comprehensive loss for the year	—	(355,827)	(164)	(355,991)	3,417	(352,574)
Manager's management fees settled in units	8,020	—	—	8,020	—	8,020
Distributions to perpetual securities holders	—	—	—	—	(3,417)	(3,417)
Distributions	(22,872)	(20,901)	—	(43,773)	—	(43,773)
Closing balance at 31 December 2020	353,466	48,510	1,116	403,092	60,878	463,970

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19. Units in issue and net assets value attributable to unitholders (continued)

19A. Movements in components of unitholders' funds and perpetual securities holders (continued)

Group:	Unitholders' funds Issued equity S$'000	Retained earnings S$'000	Foreign exchange reserve S$'000	Subtotal S$'000	Perpetual securities S$'000	Total S$'000
Previous year:						
Opening balance at 1 January 2019	387,986	418,876	1,413	808,275	60,878	869,153
Total comprehensive return for the year	—	45,508	(133)	45,375	3,408	48,783
Manager's management fees settled in units	9,471	—	—	9,471	—	9,471
Distributions to perpetual securities holders	—	—	—	—	(3,408)	(3,408)
Distributions	(29,139)	(39,146)	—	(68,285)	—	(68,285)
Closing balance at 31 December 2019	368,318	425,238	1,280	794,836	60,878	855,714

Trust:	Unitholders' funds Issued equity S$'000	Accumulated losses S$'000	Subtotal S$'000	Perpetual securities S$'000	Total S$'000
Current year:					
Opening balance at 1 January 2020	368,318	(80,300)	288,018	60,878	348,896
Total comprehensive loss for the year	—	(82,201)	(82,201)	3,417	(78,784)
Manager's management fees settled in units	8,020	—	8,020	—	8,020
Distributions to perpetual securities holders	—	—	—	(3,417)	(3,417)
Distributions	(22,872)	(20,901)	(43,773)	—	(43,773)
Closing balance at 31 December 2020	353,466	(183,402)	170,064	60,878	230,942

Trust:	Unitholders' funds Issued equity S$'000	Accumulated losses S$'000	Subtotal S$'000	Perpetual securities S$'000	Total S$'000
Previous year:					
Opening balance at 1 January 2019	387,986	(70,138)	317,848	60,878	378,726
Total comprehensive return for the year	—	28,984	28,984	3,408	32,392
Manager's management fees settled in units	9,471	—	9,471	—	9,471
Distributions to perpetual securities holders	—	—	—	(3,408)	(3,408)
Distributions	(29,139)	(39,146)	(68,285)	—	(68,285)
Closing balance at 31 December 2019	368,318	(80,300)	288,018	60,878	348,896

Capital management:

The objectives when managing capital are to safeguard the Trust's ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders and to provide an adequate return to unitholders.

The Manager sets the amount of capital to meet its requirements. There were no changes in the approach to capital management during the reporting year. The Manager manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Manager may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units, or sell assets to reduce debt. The distribution policy is disclosed in Note 11.

19. Units in issue and net assets value attributable to unitholders (continued)

19A. Movements in components of unitholders' funds and perpetual securities holders (continued)

Capital management: (continued)

The Group's long-term policy is that net debt should be in the low range of the amount in the statement of financial position. This policy aims to ensure that the Group both maintains a good credit rating and lowers its weighted average cost of capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. issued equity and retained earnings).

	Group		Trust	
	2020 S$'000	2019 S$'000	2020 S$'000	2019 S$'000
Net debt:				
All external borrowings	489,005	486,410	489,005	486,410
Less cash and cash equivalents	(19,292)	(32,980)	(10,738)	(26,084)
Net debt	469,713	453,430	478,267	460,326
Adjusted capital:				
Issued equity	353,466	368,318	353,466	368,318
Retained earnings/(Accumulated losses)	48,510	425,238	(183,402)	(80,300)
Foreign exchange reserve	1,116	1,280	—	—
Perpetual securities	60,878	60,878	60,878	60,878
Adjusted capital	463,970	855,714	230,942	348,896
Debt-to-adjusted capital ratio	101.24%	52.99%	207.09%	131.94%

The unfavourable change as shown by the increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the decrease in retained earnings.

The only externally imposed capital requirement is that for the Group to maintain its listing on the SGX-ST, it has to have issued equity with a free float of at least 10% of the units. Management receives a report from the registrars quarterly on substantial share interests showing the non-free float and it demonstrated continuing compliance with the SGX-ST's 10% limit throughout the reporting year.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 50% (2019: 45%) of the Group's deposited property. It was 49.0% (2019: 34.5%) as at end of the reporting year, excluding perpetual securities which are classified as equity by the Manager.

The Manager monitors the level, nature of debt and leverage ratios, along with the compliance with debt covenants quarterly to ensure that sufficient resources exist.

20. Perpetual securities

In 2016, the Trust issued S$60 million of subordinated perpetual securities at a fixed rate of 5.68% per annum, with the first distribution rate reset on 8 July 2021 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms and conditions of the securities. The distribution will be payable semi-annually at the discretion of the Trust and will be non-cumulative.

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank pari passu with holders of preferred units (if any) and rank ahead of the unitholders of Trust but junior to the claims of all present and future creditors of the Trust.

- The Trust shall not declare or pay any distributions to the unitholders, or make redemption, unless the Trust declares or pays any distributions to the perpetual securities holders.

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20. Perpetual securities (continued)

These perpetual securities are classified as equity (see Note 19). An amount of S$3,408,000 and S$3,417,000 were reserved for distribution to perpetual securities holders for each of the reporting years ended 31 December 2019 and 2020 respectively. Management has taken the view that as there is no contractual obligation to repay the principal or to pay any distributions, and that the perpetual securities do not meet the definition for classification as a financial liability under FRS 32 Financial Instruments: Disclosure and Presentation. The perpetual securities are presented within equity, and the distributions treated as dividends.

21. Financial ratios

	Group		Trust	
	2020	**2019**	**2020**	**2019**
Expenses to average net assets attributable to unitholders ratio – excluding performance related fees[(1)]	1.95%	0.92%	5.07%	2.41%
Expenses to average net assets attributable to unitholders ratio – including performance related fees [(1)]	2.59%	1.62%	6.76%	4.27%
Portfolio turnover ratio[(2)]	N/M	N/M	N/M	N/M
Total operating expenses (S$'000)[(3)]	11,864	41,871	16,987	13,078
Total operating expenses to net asset value ratio[(3)]	2.94%	5.27%	9.99%	4.54%

(1) The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses excluding any property related expenses, interest expenses, foreign exchange losses, tax deducted at source and costs associated with the purchase of investments.

(2) Turnover ratio means the number of times per year that a dollar of assets is reinvested. It is calculated based on the lesser of purchases or sales of underlying investments of a scheme expressed as a percentage of daily average net asset value.

(3) The revised Code on Collective Investment Schemes dated 16 April 2020 requires disclosure of the total operating expenses of the property fund, including all fees and charges paid to the Manager and interested parties (in both absolute terms, and as a percentage of the property fund's net asset value as at the end of the financial year) and taxation incurred in relation to the property fund's real estate assets.

N/M – Not meaningful as there was no sale of investment property in 2019 and 2020.

22. Other financial liabilities

	Group and Trust	
	2020 S$'000	**2019 S$'000**
Current:		
Bank loan A (secured) (Note 22A)	195,662	—
Transaction cost to be amortised	(317)	—
	195,345	—

	Group and Trust	
	2020 S$'000	**2019 S$'000**
Non-current:		
Bank loans (secured) (Note 22A)	296,713	492,717
Transaction cost to be amortised	(3,053)	(6,307)
	293,660	486,410
Total other financial liabilities	489,005	486,410

22. Other financial liabilities (continued)

	Group and Trust 2020 S$'000	2019 S$'000
Non-current:		
Bank loan A (secured)	196,713	392,717
Transaction cost to be amortised	(1,741)	(4,169)
	194,972	388,548
Bank loan B (secured)	100,000	100,000
Transaction cost to be amortised	(1,312)	(2,138)
	98,688	97,862
Non-current, total	293,660	486,410

In March 2018, the Trust drew down Bank loan A under a S$400 million syndicated secured financing facilities to refinance previous bank loans. Bank loan A consists of a 3-year Singapore dollar term loan, a 4-year Singapore dollar term loan, a 5-year Singapore dollar term loan and a 3-year dual currency revolving credit facility loan in Singapore and United States dollar. The amounts under Bank loan A are due in March 2021, March 2022 and March 2023 respectively.

In May 2019, the Trust drew down Bank loan B under a S$100 million syndicated secured financing facilities to refinance the bank loan — current which had matured in prior year. Bank loan B consists of a 3-year Singapore dollar term loan and the amount under Bank loan B is due in May 2022.

All mortgages, assignments of the Group's rights, titles, interest and benefits, debentures and charges are executed in favour of Banks A and B.

All the amounts are at floating interest rates or arranged with interest rate swaps.

22A. Bank loans (secured)

The range of floating interest rates for Bank loan A and Bank loan B are from 1.62% to 3.76% (2019: 3.20% to 4.05%) and 2.19% to 4.06% (2019: 3.76% to 4.06%) per annum respectively.

The range of effective interest rates for Bank loan A and Bank loan B are from 1.93% to 4.18% (2019: 3.58% to 4.55%) per annum.

The Trust enters into interest rate swaps arrangements to manage the interest rate risk exposure arising from the bank loans of floating rates (Note 25).

The bank loan agreements provide among other matters for the following:

1) Legal mortgage over all the properties of the Group except for Sarang Hospital, Siloam Hospitals Surabaya, and Siloam Hospitals Yogyakarta.

2) Assignment to the banks of all of the Group's rights, titles, interests and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesia properties and the Singapore properties except for Siloam Hospitals Surabaya and Siloam Hospitals Yogyakarta.

3) Assignment to the banks of all of the Group's rights, titles and interests under the insurance policies in respect of the Indonesia properties and the Singapore properties, with the bank named as a "loss payee" except for Siloam Hospitals Surabaya and Siloam Hospitals Yogyakarta.

4) A debenture containing first fixed and floating charges over all assets and undertakings of the Trust's Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Kalmore Investments Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd. and Icon1 Holdings Pte. Ltd..

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22. Other financial liabilities (continued)

22A. Bank loans (secured) (continued)

5) Charge of all of the Trust's shares in the Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Kalmore Investments Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd. and Icon1 Holdings Pte. Ltd..

6) Charge of all of the Singapore subsidiaries' shares in the Indonesia subsidiaries except for (i) PT Tata Prima Indah and (ii) Joint-operation company PT Yogya Central Terpadu.

7) A debenture by the Group covering first fixed and floating charges over all assets and undertakings in respect of the Singapore properties.

8) OUE Lippo Healthcare Limited's interest in the Trust is at least 8%.

9) OUE Limited's interest in First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited) is at least 40%.

10) Compliance with certain financial covenants.

The carrying amount of the current and non-current borrowings, which are at floating variable market rates, approximate their fair values at reporting date.

During the reporting year, the following loan covenants were breached:

(i) Consolidated Holders' Funds shall not at any time be less than S$600 million

(ii) Consolidated Total Liabilities to Consolidated Holders' Funds ratio shall not exceed 0.85:1

(iii) Loan to security ratio should not exceed 0.45:1

The lenders have not made a demand for accelerated repayment for Bank loan A and Bank loan B. The lenders agreed before the end of the reporting year to waive the requirements. The classification of the loans remain "non-current".

On 24 December 2020, the Trustee entered into a facility agreement with two of the existing lenders, Oversea-Chinese Banking Corporation Ltd ("**OCBC**") and CIMB Bank Berhad ("**CIMB**") in respect of a facility of up to S$260 million to refinance Bank loan A.

23. Trade and other payables, current

	Group		Trust	
	2020 S$'000	**2019 S$'000**	**2020 S$'000**	**2019 S$'000**
Trade payables:				
Outside parties and accrued liabilities	199	182	112	106
Related party	8,345	8,390	8,345	8,390
Trade payables – subtotal	8,544	8,572	8,457	8,496
Other payables:				
Subsidiaries	—	—	11,840	12,582
Related party	22	22	—	—
Other payables	8,750	10,246	5,140	4,992
Other payables – subtotal	8,772	10,268	16,980	17,574
Total trade and other payables	17,316	18,840	25,437	26,070

Included in the Group's other payables as at end of the reporting years, were taxes payable to the vendors upon refund from the tax authorities.

24. Other non-financial liabilities, current

	Group 2020 S$'000	Group 2019 S$'000	Trust 2020 S$'000	Trust 2019 S$'000
Rental income in advance from tenants	8,148	21,122	103	83
Security deposits	1,959	1,921	1,959	1,921
	10,107	23,043	2,062	2,004

25. Derivatives financial instruments

The table below summarises the fair value of derivatives at the end of year. All derivatives are not designated as hedging instruments.

	Group and Trust 2020 S$'000	Group and Trust 2019 S$'000
Liabilities – Derivatives with negative fair values:		
Interest rate swaps (Note 25A) – Non-current	(3,866)	(1,253)
Interest rate swaps (Note 25A) – Current	—	(222)
	(3,866)	(1,475)
The movements during the year were as follows:		
Balance at beginning of the year	(1,475)	(435)
Losses recognised in profit or loss	(2,391)	(1,040)
Total net balance at end of the year	(3,866)	(1,475)

25A. Interest rate swaps

As at 31 December 2020, the notional amount of two interest rate swaps for 2020 was S$196,831,000 (2019: S$296,659,000). The interest rate swaps are designed to convert floating borrowing to fixed rate loans for the next two years. The Group receives variable interest equal to the SOR on the notional contract amount. At the end of the reporting year, the interest rates varied from 1.47% to 1.99% (2019: 1.80% to 2.01%). The interest rate swaps will mature on 1 March 2022.

The derivatives financial instruments are not traded in an active market. As a result, their fair values are based on valuation techniques currently consistent with generally accepted valuation methodologies for pricing financial instruments, and incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price (Level 2).

The fair value (Level 2) of interest rate swap was measured on the basis of the current value of the difference between the contractual interest rate and the market rate at the end of the reporting year. The valuation technique used market observable inputs.

26. Financial information by operating segments

Information about reportable segment profit or loss and assets

Disclosure of information about operating segments is made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the Group.

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare related sector. During the reporting year, the Group had three reportable operating segments: Indonesia operations, Singapore operations and South Korea operations. For management purposes the Group is organised into one major strategic operating segment that offers all the investment properties for healthcare and/or healthcare related purposes.

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26. Financial information by operating segments (continued)

Information about reportable segment profit or loss and assets (continued)

The geographical segment represents the Group's distinguishable components which provide products or services within a particular economic environment (location) and this component contains risks and returns that are different from those components which operate in other economic environments (locations). The liabilities are not analysed as the largest amount, namely the borrowings, are centrally managed.

There are no significant inter-segment transactions. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary financial performance measurement is to evaluate the properties based on their returns and yields.

	Indonesia S$'000	Singapore S$'000	South Korea S$'000	Total S$'000
2020				
Profit or loss reconciliation				
Rental and other income	75,129	3,678	812	79,619
Impairment allowance on trade receivables	—	—	(842)	(842)
Net property income and other income	74,249	3,353	(137)	77,465
Interest income	1,345	91	—	1,436
Manager's management fees				(9,410)
Trustee fees				(416)
Finance costs	—	(17,826)	—	(17,826)
Other expenses				(5,703)
Net income before the undernoted				45,546
Net fair value losses of investment properties	(396,641)	(912)	(3,834)	(401,387)
Net fair value losses of derivatives financial instruments				(2,391)
Total loss before income tax				(358,232)
Income tax benefit/(expense)	6,961	(1,467)	328	5,822
Total loss after income tax				(352,410)
Assets				
Segment assets including properties	953,431	45,102	6,375	1,004,908
Total assets				1,004,908

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26. Financial information by operating segments (continued)

Information about reportable segment profit or loss and assets (continued)

	Indonesia S$'000	Singapore S$'000	South Korea S$'000	Total S$'000
2019				
Profit or loss reconciliation				
Rental and other income	110,357	3,994	946	115,297
Impairment allowance on trade receivables	—	—	(624)	(624)
Net property income and other income	109,168	3,492	234	112,894
Interest income	2,234	130	—	2,364
Manager's management fees				(11,401)
Trustee fees				(430)
Finance costs	—	(20,390)	—	(20,390)
Other expenses				(1,002)
Net income before the undernoted				82,035
Net fair value losses of investment properties	(4,691)	(512)	(404)	(5,607)
Net fair value losses of derivatives financial instruments				(1,040)
Total return before income tax				75,388
Income tax (expense)/benefit	(26,581)	99	10	(26,472)
Total return after income tax				48,916
Assets				
Segment assets including properties	1,352,673	63,917	10,546	1,427,136
Total assets				1,427,136

Income are attributed to countries on the basis of the location of the investment properties. The non-current assets are analysed by the geographical area in which the assets are located (see the statements of portfolio for the carrying value of these assets).

Income from the Group's top one and top two customers in Indonesia in aggregate amounted to S$57,360,000 and S$65,075,000 respectively (2019: S$96,001,000 and S$110,357,000).

27. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	2020 S$'000	2019 S$'000
Commitments in relation to Siloam Hospitals Surabaya	—	63,000

The above commitment pertains to the asset-enhancement transaction in relation to Siloam Hospitals Surabaya ("**SHS**").

The transaction is a joint arrangement and asset swap with PT SK (a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of Lippo Karawaci) which involves:

(a) Divestment of Plot B

The divestment of a plot of land ("**Plot B**") which was owned by PT Tata Prima Indah ("**PT TPI**"), a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of the Trust, to PT SK.

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27. Capital commitments (continued)

(b) Development Works

The development works on Plot B and Lippo Karawaci's land adjacent to Plot B;

In 2016, the first progress payment of S$18 million was paid.

In 2017, the second progress payment of S$9 million was paid.

(c) The New SHS Acquisition and New SHS Master Lease

The acquisition of the new hospital ("**New SHS**") to be built pursuant to the Development Works by PT SK, with proposed master lease of the New SHS to Lippo Karawaci and the termination of existing master lease agreement between PT TPI (as the master lessor of the existing Siloam Hospitals Surabaya (the "**Existing SHS**")) and Lippo Karawaci. The total purchase consideration for the New SHS is S$90 million and will be paid in progress payments.

(d) Divestment of the Existing SHS

The divestment of the Existing SHS to PT SK.

On 21 December 2018, the Manager announced that a road subsidence event (the "**Road Subsidence**") had taken place along Gubeng Highway, Surabaya, which is in close proximity to Siloam Hospitals Surabaya and Development Works had halted.

On 10 January 2020, the Manager announced that the Road Subsidence had a serious impact on the Development Works, which are currently no longer progressing on the proposed timetable and are on hold pending amongst other things the outcome of the investigations by the relevant Indonesia authorities. For the avoidance of doubt, neither the Manager nor the Group are involved in any investigation in connection with the Road Subsidence.

On 29 June 2020, the Manager announced that given that the Development Works are no longer progressing, PT TPI has served a termination notice to PT SK to terminate the Development Works Agreement.

As at the end of the reporting year, the Group has made progress payments and professional fees amounting to S$27,035,000 (2019: S$27,035,000). See Note 15.

28. Operating lease income commitments – as lessor

At the end of the reporting year, the total of future minimum lease receivables committed under non-cancellable operating leases (assuming the option to renew the leases is not exercised) are as follows:

	Group		Trust	
	2020 S$'000	**2019 S$'000**	**2020 S$'000**	**2019 S$'000**
Not later than one year	118,493	117,395	4,152	4,071
Between 1 and 2 years	88,016	116,529	4,235	4,152
Between 2 and 3 years	88,101	85,562	4,320	4,235
Between 3 and 4 years	88,187	85,646	4,406	4,320
Between 4 and 5 years	88,275	85,733	4,495	4,406
Later than five years	167,485	250,373	1,542	6,037
Total	638,557	741,238	23,150	27,221

The rental income for the year is disclosed in Note 4.

The Group has entered into commercial property leases for healthcare and/or healthcare related buildings. The non-cancellable leases have remaining non-cancellable lease terms and the tenants' options for renewals as disclosed in the statements of portfolio.

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28. Operating lease income commitments – as lessor (continued)

Generally, the lease agreements provide that the lessees pay rent on a quarterly basis in advance, whereby rent shall comprise: (a) an annual base rent for the first year of each lease and (b) a variable rent. The base rent is subject to increase every year thereafter subject to a floor of zero percentage and a cap of an agreed percentage. The variable rent is calculated based on a percentage of the growth of the lessee's gross revenue in the preceding calendar year. No contingent rent is included in the above amounts.

There will be new tenancy arrangements from 2021 (see Note 30).

One of the tenants in Singapore has also provided a bank guarantee in lieu of the security deposits of S$1,456,000 (2019: S$1,428,000) for rental income from one of the Singapore properties.

29. Financial instruments: information on financial risks

29A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Trust	
	2020 S$'000	**2019 S$'000**	**2020 S$'000**	**2019 S$'000**
Financial assets:				
Financial assets at amortised cost	64,320	81,813	55,605	73,407
At end of the year	64,320	81,813	55,605	73,407
Financial liabilities:				
Financial liabilities at amortised cost	506,321	505,250	514,442	512,480
Derivatives financial instruments at fair value	3,866	1,475	3,866	1,475
At end of the year	510,187	506,725	518,308	513,955

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

29B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Group's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, currency risk and price risk exposures.

Management has certain practices for the management of financial risks. However these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following acceptable market practices.

The Management of the Manager who monitors the procedures reports to the Board of Directors of the Manager.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

29. Financial instruments: information on financial risks (continued)

29B. Financial risk management (continued)

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

29C. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. For ECL on financial assets, the general approach (three-stage approach) in the financial reporting standard on financial instruments is applied to measure the impairment allowance. Under this general approach the financial assets move through the three stages as their credit quality changes. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. However, the simplified approach (that is, to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life) permitted by the financial reporting standards on financial instruments is applied for financial assets that do not have a significant financing component, such as other receivables. For credit risk on other receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

The credit quality of the bank balances using an external or internal credit grading system is as follows:

	Moody's Ratings	
	2020	**2019**
Bank of East Asia	A3	A3
CIMB	A3	A3
OCBC	Aa1	Aa1

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

29. Financial instruments: information on financial risks (continued)

29D. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivatives financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) where it relates to a variable amount payable, the amount is determined by taking reference to that last contracted rate:

	Less than 1 year S$'000	More than 1 year but less than 5 years S$'000	Total S$'000
Non-derivatives financial liabilities			
Group			
2020:			
Borrowings	195,662	296,713	492,375
Trade and other payables	17,316	—	17,316
	212,978	296,713	509,691
2019:			
Borrowings	16,955	510,597	527,552
Trade and other payables	18,840	—	18,840
	35,795	510,597	546,392
Trust			
2020:			
Borrowings	195,662	296,713	492,375
Trade and other payables	25,437	—	25,437
	221,099	296,713	517,812
2019:			
Borrowings	16,955	510,597	527,552
Trade and other payables	26,070	—	26,070
	43,025	510,597	553,622

The following table analyses the derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

	Notional amount S$'000	Less than 1 year S$'000	More than 1 year but less than 5 years S$'000	Total S$'000
Derivatives financial liabilities				
Group and Trust				
2020:				
Interest rate swaps (net settled)	196,831	—	(3,866)	(3,866)
2019:				
Interest rate swaps (net settled)	296,659	(222)	(1,253)	(1,475)

The remaining contractual maturity of derivatives financial liabilities of the Group and Trust is 14 months (Note 25).

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

29. Financial instruments: information on financial risks (continued)

29D. Liquidity risk – financial liabilities maturity analysis (continued)

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2019: 30 days). The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The Manager also monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings.

The Manager is of the view that cash from operating activities will be sufficient to meet the current requirements to support ongoing operations, capital expenditures, and debt repayment obligations. The Trust's structure necessitates raising funds through debt financing and the capital markets to fund strategic acquisitions and capital expenditures. The Manager also ensures that there are sufficient funds for declared and payable distributions and any other commitments.

	Group and Trust	
	2020	**2019**
	S$'000	**S$'000**
Bank facilities:		
Undrawn facilities	4,284	3,942

The undrawn facilities are available for refinancing existing loans, general corporate funding and working capital requirements of the Trust. The undrawn facilities relate to existing S$400 million loan facilities, which will expire in March 2021. On 24 December 2020, the Trustee entered into a facility agreement with OCBC and CIMB Bank in respect of a facility of up to S$260 million to refinance part of S$400 million loan facilities (Note 22A).

29E. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed interest rates and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group and Trust	
	2020	**2019**
	S$'000	**S$'000**
Financial liabilities:		
Bank loans at floating rates	489,005	486,410
Total at the end of the year	489,005	486,410

The Trust enters into interest rate swap agreements to manage the interest rate risk exposure arising from bank loans at floating rates (Note 25A).

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The hypothetical changes in basis points are not based on observable market data (unobservable inputs). The impact of a change in interest rates on fixed interest rate financial instruments has not been assessed in terms of changing of their fair value, as the Group does not account for any fixed rate financial assets at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

29. Financial instruments: information on financial risks (continued)

29E. Interest rate risk (continued)

A hypothetical change of 50 basis points (2019: 50 basis points) in interest rates with all variables including foreign exchange rates held constant, would increase (decrease) the total return by the amounts below:

	Statement of Total Return	
	50 basis points increase S$'000	50 basis points decrease S$'000
Group and Trust		
2020		
Borrowings	(1,725)	1,725
Interest rate swaps	984	(984)
Net (decrease) increase	(741)	741
2019		
Borrowings	(2,470)	2,470
Interest rate swaps	719	(719)
Net (decrease) increase	(1,751)	1,751

29F. Foreign currency risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of the significant amounts denominated in non-functional currency:

	2020 S$'000	2019 S$'000
Group and Trust:		
Financial liabilities:		
US dollars		
Borrowings	18,401	18,743

Sensitivity analysis: A hypothetical 10% (2019: 10%) strengthening in the exchange rate of the functional currency against the US dollar, with all other variables held constant would have a favourable effect on post-tax profit of S$1,840,000 (2019: S$1,874,000). For similar rate weakening of the functional currency against the relevant foreign currency above, there would be comparable impact in the opposite direction on the profit or loss.

30. Events after the end of the reporting year

a) On 14 January 2021, a final distribution of S$0.84 cents per unit was declared totalling S$6,840,000 in respect of the period from 1 October 2020 to 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

30. Events after the end of the reporting year (continued)

b) On 28 December 2020, the Manager announced its intention to carry out a renounceable rights issue (the "**Proposed Rights Issue**") for the purposes of repaying part of the S$400 million secured syndicated loan facilities ("**2018 Secured Loan Facilities**") provided by OCBC to the Trust. The proceeds will be used to repay partial loan of S$195.5 million which is due for repayment on 1 March 2021 and payment of professional fees incurred by the Trust in connection with the loan refinancing exercise with remaining funds to be used for working capital purposes. The Manager proposes to carry out the Proposed Rights Issue to issue approximately 791,063,000 Units (which is equivalent to approximately 98% of the 807,206,351 Units in issue as of 24 December 2020) to raise gross proceeds of approximately S$158.2 million to eligible unitholders and on a pro rata basis of 98 Rights Units for every 100 existing Units at S$0.20 per Rights Unit. On 24 February 2021, the Manager completed the Rights Issue.

c) On 24 December 2020, the Trustee has entered into a facility agreement (the "**Facility Agreement**") with OCBC and CIMB, Singapore Branch (the "**Lenders**") in respect of a term loan facility of S$178.5 million and a revolving credit facility of S$42.5 million, with an accordion option for a S$39.0 million increase in commitments (the "**S$260 million Loan Facilities**") to refinance part of the 2018 Secured Loan Facilities. On 1 March 2021, part of the S$260 million Loan Facilities was successfully drawn down and approximately S$140 million of the rights proceeds were used to repay the 2018 Secured Loan Facilities.

d) On 28 November 2020, the Trustee has entered into a memorandum of understanding with LPKR and MPU respectively for a proposed restructuring of LPKR and MPU MLA. The proposed LPKR MLA restructuring is conditional upon, among other things, the approval of independent unitholders of the Group ("**Unitholders**"). On 19 January 2021, the Unitholders approved the proposed LPKR MLA Restructuring at the Extraordinary General Meeting. On 10 March 2021, the Indonesia subsidiaries signed the MLA with LPKR for 8 Hospital Properties.

e) On 17 March 2021, a total of 2,235,000 new units were issued at the issue price of S$0.2848 per unit to the Manager as partial payment of the base fee component of management fee for the quarter ended 31 December 2020. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

f) On 17 March 2021, a total of 1,258,000 new units were issued at the issue price of S$1.0013 per unit to the Manager as payment of 72% of the performance fee component of the management fee for the quarter ended 31 December 2019. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

31. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 103	Definition of a Business—Amendments
FRS 1 and 8	Definition of material—Amendments to
FRS 116	COVID-19 Related Rent Concessions—Amendments to (effective from 30 June 2020)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

32. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. Adoption of the applicable new or revised standards are expected to result in some changes in the detailed application of the accounting policies and some modifications to financial statements presentation and measurement. Those that are expected to have a material impact are described below.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1	Classification of Liabilities as Current or Non-current – Amendments to	1 Jan 2023
FRS 103	Definition of a Business—Reference to the Conceptual Framework—Amendments to	1 Jan 2022
FRS 16	Property, Plant and Equipment: Proceeds before Intended Use – Amendments to	1 Jan 2022
FRS 109	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 Jan 2022
RAP 7	Statement of Recommended Accounting Practice 7 “Reporting Framework for Investment Funds”	1 Jul 2021

33. Listing of investments in subsidiaries

All the subsidiaries are wholly owned. The subsidiaries held by the Trust and the Group are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments 2020 S$’000	2019 S$’000
Held by the Trust		
Gold Capital Pte. Ltd.(b) Singapore Investment holding	95,351	100,556
GOT Pte. Ltd. (b) Singapore Investment holding	81,817	82,741
Henley Investments Pte. Ltd.(b) Singapore Investment holding	39,667	40,698
Kalmore Investments Pte. Ltd.(b) Singapore Investment holding	4,098	7,966
Lovage International Pte. Ltd.(b) Singapore Investment holding	12,523	12,523
Platinum Strategic Investments Pte. Ltd.(b) Singapore Investment holding	21,082	22,321
Primerich Investments Pte. Ltd.(b) Singapore Investment holding	32,747	32,874

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

33. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments 2020 S$'000	2019 S$'000
Held by the Trust (continued)		
Raglan Investments Pte. Ltd.[(b)] Singapore Investment holding	41,966	43,434
Rhuddlan Investments Pte. Ltd.[(b)] Singapore Investment holding	72,240	73,754
Globalink Investments Pte. Ltd.[(b)] Singapore Investment holding	61,376	73,115
Great Capital Pte. Ltd.[(b)] Singapore Investment holding	40,831	69,650
Finura Investments Pte. Ltd.[(b)] Singapore Investment holding	22,326	24,331
Sriwijaya Investment I Pte. Ltd.[(b)] Singapore Investment holding	24,676	31,814
IAHCC Investment Pte. Ltd.[(b)] Singapore Investment holding	1*	1*
Surabaya Hospitals Investment Pte. Ltd.[(b)] Singapore Investment holding	1*	1*
SHKP Investment I Pte. Ltd.[(b)] Singapore Investment holding	54,122	67,688
Icon1 Holdings Pte. Ltd.[(b)] Singapore Investment holding	21,175	25,798
SHLB Investment I Pte. Ltd.[(b)] Singapore Investment holding	10,770	18,517
SHButon Investment I Pte. Ltd.[(b)] Singapore Investment holding	25,098	26,787
	661,867	754,569
Held by subsidiaries		
Higrade Capital Pte. Ltd.[(b)] Singapore Investment holding	853	853
Ultra Investments Pte. Ltd.[(b)] Singapore Investment holding	321	321

33. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments 2020 S$'000	2019 S$'000
Held by subsidiaries (continued)		
Carmathen Investments Pte. Ltd.[b] Singapore Investment holding	1,033	1,033
Caernarfon Investments Pte. Ltd.[b] Singapore Investment holding	1,324	1,324
Fortuna Capital Pte. Ltd.[b] Singapore Investment holding	—	22
Key Capital Pte. Ltd.[b] Singapore Investment holding	—	3,826
Glamis Investments Pte. Ltd.[b] Singapore Investment holding	1,377	1,377
Sriwijaya Investment II Pte. Ltd.[b] Singapore Investment holding	422	1,722
SHKP Investment II Pte. Ltd.[b] Singapore Investment holding	11,768	13,916
SHLB Investment II Pte. Ltd.[b] Singapore Investment holding	—	1,040
SHButon Investment II Pte. Ltd.[b] Singapore Investment holding	1,356	1,442
Kalmore (Korea) Limited[c] South Korea Owner of Sarang Hospital	3,887	3,887
PT Bayutama Sukses[a] Indonesia Owner of Siloam Hospitals Makassar	6,356	6,356
PT Graha Indah Pratama[a] Indonesia Owner of Siloam Hospitals Kebon Jeruk	10,333	10,333
PT Graha Pilar Sejahtera[a] Indonesia Owner of Siloam Hospitals Lippo Cikarang	8,306	8,306
PT Karya Sentra Sejahtera[a] Indonesia Owner of Imperial Aryaduta Hotel & Country Club	20,019	20,019
PT Menara Abadi Megah[a] Indonesia Owner of Siloam Hospitals Manado & Hotel Aryaduta Manado	5,500	5,500

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

33. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments 2020 S$'000	2019 S$'000
Held by subsidiaries (continued)		
PT Primatama Cemerlang [(a)] Indonesia Owner of Mochtar Riady Comprehensive Cancer Centre	17,065	17,065
PT Sentra Dinamika Perkasa[(a)] Indonesia Owner of Siloam Hospitals Lippo Village	8,779	8,779
PT Tata Prima Indah[(a)] Indonesia Owner of Siloam Hospitals Surabaya	8,013	8,013
PT Dasa Graha Jaya[(a)] Indonesia Owner of Siloam Hospitals Bali	8,830	16,553
PT Perisai Dunia Sejahtera[(a)] Indonesia Owner of Siloam Hospitals TB Simatupang	—	15,305
PT Eka Dasa Parinama[(a)] Indonesia Owner of Siloam Hospitals Purwakarta	5,509	5,509
PT Sriwijaya Mega Abadi[(a)] Indonesia Owner of Siloam Sriwijaya	1,729	6,887
PT Nusa Bahana Niaga[(a)] Indonesia Owner of Siloam Hospitals Kupang & Lippo Plaza Kupang	40,131	50,668
PT Prima Labuan Bajo[(a)] Indonesia Owner of Siloam Hospitals Labuan Bajo	—	4,160
PT Buton Bangun Cipta[(a)] Indonesia Owner of Siloam Hospitals Buton & Lippo Plaza Buton	5,544	5,768
Joint operation held by subsidiary, Icon1 Holdings Pte. Ltd.		
PT Yogya Central Terpadu[(a)] (Note A) Indonesia Owner of Siloam Hospitals Yogyakarta	6,319	6,615

(a) Audited by RSM Indonesia, member firm of RSM International of which RSM Chio Lim LLP is a member.

(b) Audited by RSM Chio Lim LLP in Singapore.

(c) The unaudited management financial statements at 31 December 2020 of the subsidiary have been used for consolidation purposes.

* Amount is less than $1,000

The investments include investments in redeemable preference shares that are redeemable at the option of the Singapore subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

33. Listing of investments in subsidiaries (continued)

Note A

In 2017, the Trust and Lippo Malls Indonesia Retail Trust entered into a Joint Venture Deed (the "**Deed**") to jointly own the Yogyakarta Property through PT Yogya Central Terpadu ("**PT YCT**") subsequent to the approval of the relevant licences. Icon1 Holdings Pte. Ltd. ("**Icon1**") transferred 18,850,000 of its existing Class A shares to Icon2 Investment Pte. Ltd. ("**Icon2**"). As a result, Icon1 holds 66,150,000,000 Class A shares and Icon2 holds 142,500,000,000 Class B shares in PT YCT. As holders of Class A shares, Icon1 has the exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the hospital component. Icon2 has exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the retail mall component.

Any non-property-related common expenses of the hospital and retail mall component are borne by Icon1 and Icon2 in the proportion of 31% and 69% respectively. All property-related common expenses of the hospital component are borne by Icon1.

First Real Estate Investment Trust

(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 October 2006 (as amended))

Annual Report
Year ended 31 December 2021

Report of the Trustee

Perpetual (Asia) Limited (the "Trustee") is under a duty to take into custody and hold the assets of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited) (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016, Supplement Deed of Retirement and Appointment of Trustee dated 1 November 2017, Fifth Supplemental Deed dated 22 May 2018, Sixth Supplemental Deed dated 30 April 2019, Seventh Supplemental Deed dated 7 April 2020 and Eight Supplemental Deed dated 25 February 2022) (the "Trust Deed") between the Manager and the Trustee in each annual financial reporting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial reporting year covered by these financial statements, set out on pages FS1 to FS78, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
Perpetual (Asia) Limited

Ms. Sin Li Choo
Director

25 February 2022

Statement by the Manager

In the opinion of the directors of First REIT Management Limited (the "Manager"), the accompanying financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") set out on pages FS1 to FS78 comprising the statements of financial position, statements of total return, statements of distribution, statements of movements in unitholders' funds, statements of portfolio of the Group and the Trust, the consolidated statement of cash flows of the Group and notes to the financial statements, are drawn up so as to present fairly, in all material respects, the financial position and portfolio of the Group and of the Trust as at 31 December 2021, the total return, distributions, movements in unitholders' funds and cash flows of the Group and the total return, distributions, movements in unitholders' funds of the Trust for the year ended 31 December 2021, in accordance with the provisions of the Trust Deed and the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
First REIT Management Limited

Mr. Tan Kok Mian Victor
Executive Director and Chief Executive Officer

25 February 2022

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Independent auditors' report

Unitholders of First Real Estate Investment Trust
(Constituted under a Trust Deed dated 19 October 2006 (as amended) in the Republic of Singapore)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the statements of financial position and statements of portfolio of the Group and of the Trust as at 31 December 2021, and the statement of total return, statement of distribution, statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, statement of distribution and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including significant accounting policies, set out on pages FS1 to FS78.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of portfolio, statement of total return, statement of distribution and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the financial position and the portfolio holdings of the Group and of the Trust as at 31 December 2021 and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of the Group and the Trust for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 24 March 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current year. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to note 4 to the financial statements)

Risks

The Group has a portfolio of investment properties mainly in Singapore and Indonesia with a carrying value of $962.4 million as at 31 December 2021. Investment properties represent the most significant asset item on the statement of financial position. The Group's accounting policy is to state the investment properties at their fair values, which are based on independent external valuations.

The valuation process involves significant judgement in determining the valuation methods to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in key assumptions could have a significant impact to the valuations

The valuation reports obtained from the external valuers for certain properties in December 2021 also highlighted that the real estate market had been impacted by the uncertainty caused by COVID-19 and thus, less certainty and a higher degree of caution should be attached to their valuations than would normally be the case.

Our response

We evaluated the competency and objectivity of the external valuers and made enquiries of the valuers to understand their valuation approach and basis of valuation.

We considered the valuation methods used, which included the discounted cash flow method, capitalisation method and direct comparison method, against those applied for similar property types. We also involved our internal valuation specialists for the review of properties in Indonesia.

For the underlying assumptions, we tested the integrity of the projected cash flows used in the valuations to supporting leases and other documents. When a growth rate is assumed in the projected cash flows, we assessed the reasonableness by comparing against historical trend and available industry data. We also assessed the price per square metre, discount rates, terminal capitalisation rates and capitalisation rates, against historical trends and available industry data, taking into consideration comparability and market factors, as well as understand how the implications of the COVID-19 pandemic were considered in the valuations.

We also considered the adequacy of the disclosures in the financial statements in respect of estimation uncertainty and judgment applied.

Our findings

We are satisfied with the competency and objectivity of the external valuers. The valuers are members of professional bodies for valuers and have considered their own independence in carrying out their work.

The valuation methods and key assumptions used by the valuers were comparable to the methods and key assumptions used for similar property types by other valuers and within the range of available industry data. Where the assumptions were outside the expected range, the additional factors considered by the valuers were consistent with other corroborative evidence.

We also found the disclosures in the financial statements to be appropriate in their description of judgement inherent in the key assumptions used in the valuations, including the inter-relationship between the key unobservable inputs and their fair values.

Other information

First REIT Management Limited, the Manager of the Trust ("the Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Report of the Trustee and Statement by the Manager prior to the date of this auditors' report. All other information in the annual report ("the Reports") are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports and, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Responsibilities of Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Eng Chin Chin.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
25 February 2022

Statements of financial position
As at 31 December 2021

		Group		Trust	
	Note	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Assets					
Plant and equipment		28	41	–	–
Investment properties	4	962,447	939,670	33,200	33,800
Investments in subsidiaries	5	–	–	669,173	661,867
Loan to a subsidiary	6	–	–	25,465	30,288
Non-current assets		962,475	939,711	727,838	725,955
Trade and other receivables	7	32,488	45,028	12,772	10,388
Loan to a subsidiary	6	–	–	4,191	4,191
Other assets	8	3,369	877	3,120	40
Cash and cash equivalents	9	51,203	19,292	35,137	10,738
Current assets		87,060	65,197	55,220	25,357
Total assets		1,049,535	1,004,908	783,058	751,312
Liabilities					
Deferred tax liabilities	10	20,601	19,968	–	–
Borrowings	11	249,953	293,660	249,953	293,660
Derivative financial instruments	12	–	3,866	–	3,866
Non-current liabilities		270,554	317,494	249,953	297,526
Income tax payable		1,198	676	–	–
Trade and other payables	13	18,888	17,316	29,002	25,437
Borrowings	11	99,258	195,345	99,258	195,345
Other liabilities	14	7,144	10,107	2,103	2,062
Derivative financial instruments	12	673	–	673	–
Current liabilities		127,161	223,444	131,036	222,844
Total liabilities		397,715	540,938	380,989	520,370

The accompanying notes form an integral part of these financial statements.

Statements of financial position (cont'd)
As at 31 December 2021

		Group		Trust	
	Note	**2021** **$'000**	**2020** **$'000**	**2021** **$'000**	**2020** **$'000**
Represented by:					
Net assets attributable to unitholders		591,145	403,092	341,394	170,064
Perpetual securities holders	15	60,675	60,878	60,675	60,878
Total net assets		651,820	463,970	402,069	230,942
Units in issue ('000)	16	1,613,028	807,206	1,613,028	807,206
Net asset value per unit in cents attributable to unitholders	16	36.65	49.94	21.16	21.07

The accompanying notes form an integral part of these financial statements.

Statements of total return
Year ended 31 December 2021

		Group		Trust	
	Note	**2021** **$'000**	**2020** **$'000**	**2021** **$'000**	**2020** **$'000**
Rental and other income	17	102,346	79,619	39,787	33,197
Property operating expenses	18	(2,130)	(2,154)	(233)	(46)
Net property and other income		100,216	77,465	39,554	33,151
Interest income		146	1,436	1,238	1,262
Manager's management fees	19	(9,110)	(9,410)	(9,066)	(9,366)
Trustee fees		(311)	(416)	(311)	(416)
Finance costs	20	(17,035)	(17,826)	(17,035)	(17,826)
Other expenses	21	(2,244)	(5,705)	(2,229)	(5,687)
Net income		71,662	45,544	12,151	1,118
Net fair value losses on investment properties	4	(4,520)	(401,387)	(764)	(912)
Gain on disposal of an investment property		1,607	–	–	–
Gain on disposal of a subsidiary		1,106	–	–	–
Reversal of impairment losses on other receivables from subsidiaries		–	–	567	–
Reversal of/(recognised) impairment losses on investments in subsidiaries	5	–	–	34,779	(75,457)
Net fair value gains/(losses) of derivative financial instruments		3,193	(2,391)	3,193	(2,391)
Net foreign exchange gains		2,762	2	169	325
Total return/(loss) for the year before income tax		75,810	(358,232)	50,095	(77,317)
Income tax (expenses)/benefit	22	(12,697)	5,822	–	(1,467)
Total return/(loss) for the year after income tax		63,113	(352,410)	50,095	(78,784)

The accompanying notes form an integral part of these financial statements.

Statements of total return (cont'd)
Year ended 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations, net of tax		3,705	(164)	–	–
Total comprehensive income/(loss) for the year		66,818	(352,574)	50,095	(78,784)
Total return/(loss) attributable to:					
Unitholders of the Trust		59,908	(355,827)	46,890	(82,201)
Perpetual securities holders		3,205	3,417	3,205	3,417
		63,113	(352,410)	50,095	(78,784)
Total comprehensive income/(loss) attributable to:					
Unitholders of the Trust		63,613	(355,991)	46,890	(82,201)
Perpetual securities holders		3,205	3,417	3,205	3,417
		66,818	(352,574)	50,095	(78,784)
Earnings per unit in cents	23				
Basic and diluted		4.00	(41.78)[1]		

(1) The earnings per unit in cents is calculated after taking into consideration the rights issue units.

The accompanying notes form an integral part of these financial statements.

Statements of distribution
Year ended 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Amount available for distribution to unitholders at beginning of the year		6,840	17,169	6,840	17,169
Total return/(loss) for the year after income tax		63,113	(352,410)	50,095	(78,784)
Adjustments for tax purposes (Note A)		(21,053)	385,854	(8,035)	112,228
Amount available for distribution to unitholders		48,900	50,613	48,900	50,613
Total distribution paid to unitholders	24	(38,168)	(43,773)	(38,168)	(43,773)
Amount available for distribution to unitholders at end of the year		10,732	6,840	10,732	6,840
Distribution per unit (cents)		2.61	4.15	2.61	4.15

The accompanying notes form an integral part of these financial statements.

Statements of distribution (cont'd)
Year ended 31 December 2021

Note A - Adjustments for tax purposes:

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Manager's management fees settled in units	4,465	4,679	4,465	4,679
Change in fair values on investment properties, net of deferred tax	4,991	383,119	764	2,379
Adjustment on rental straight-lining	(22,703)	–	(74)	–
Net fair value (gains)/ losses of derivative financial instruments	(3,193)	2,391	(3,193)	2,391
(Reversal of)/Impairment losses on investments in subsidiaries	–	–	(34,779)	75,457
Capital repayment from subsidiaries:	–	–	32,296	21,618
- Redemption of preference shares	–	–	27,473	17,245
- Repayment of shareholder loans	–	–	4,823	4,373
Amount reserved for distribution to perpetual securities holders	(3,205)	(3,417)	(3,205)	(3,417)
Foreign exchange adjustment (gains)/losses	(168)	(325)	143	(325)
Gain on disposal of an investment property and a subsidiary	(2,713)	–	–	–
Adjustments of dividend income from subsidiaries	–	–	(5,116)	8,770
Other non-tax deductible items and adjustments	1,473	(593)	664	676
	(21,053)	385,854	(8,035)	112,228

The accompanying notes form an integral part of these financial statements.

Statements of movements in unitholders' funds
Year ended 31 December 2021

Group	Unitholders' funds Issued equity $'000	Retained earnings $'000	Foreign exchange reserve $'000	Subtotal $'000	Perpetual securities $'000	Total $'000
Operations						
At 1 January 2021	353,466	48,510	1,116	403,092	60,878	463,970
Total return for the year	–	63,113	–	63,113	–	63,113
Less: Amount reserved for distribution to perpetual securities holders	–	(3,205)	–	(3,205)	3,205	–
Net increase in net assets resulting from operations	–	59,908	–	59,908	3,205	63,113
Transactions with unitholders and perpetual securities holders						
Proceeds from rights issue, net of related costs	157,702	–	–	157,702	–	157,702
Manager's management fees settled in units	4,906	–	–	4,906	–	4,906
Change in net assets resulting from creation of units	162,608	–	–	162,608	–	162,608
Distributions to unitholders	(34,624)	(3,544)	–	(38,168)	–	(38,168)
Distributions to perpetual securities holders	–	–	–	–	(3,408)	(3,408)
Net increase/(decrease) in net assets resulting from transactions with unitholders and perpetual securities holders	127,984	(3,544)	–	124,440	(3,408)	121,032
Foreign exchange reserve						
Exchange differences on translating foreign operations, net of tax	–	–	3,705	3,705	–	3,705
At 31 December 2021	481,450	104,874	4,821	591,145	60,675	651,820

The accompanying notes form an integral part of these financial statements.

Statements of movements in unitholders' funds (cont'd)
Year ended 31 December 2021

	Unitholders' funds					
Group	**Issued equity $'000**	**Retained earnings $'000**	**Foreign exchange reserve $'000**	**Subtotal $'000**	**Perpetual securities $'000**	**Total $'000**
Operations						
At 1 January 2020	368,318	425,238	1,280	794,836	60,878	855,714
Total loss for the year	–	(352,410)	–	(352,410)	–	(352,410)
Less: Amount reserved for distribution to perpetual securities holders	–	(3,417)	–	(3,417)	3,417	–
Net (decrease)/increase in net assets resulting from operations	–	(355,827)	–	(355,827)	3,417	(352,410)
Transactions with unitholders and perpetual securities holders						
Manager's management fees settled in units	8,020	–	–	8,020	–	8,020
Change in net assets resulting from creation of units	8,020	–	–	8,020	–	8,020
Distributions to unitholders	(22,872)	(20,901)	–	(43,773)	–	(43,773)
Distributions to perpetual securities holders	–	–	–	–	(3,417)	(3,417)
Net decrease in net assets resulting from transactions with unitholders and perpetual securities holders	(14,852)	(20,901)	–	(35,753)	(3,417)	(39,170)
Foreign exchange reserve						
Exchange differences on translating foreign operations, net of tax	–	–	(164)	(164)	–	(164)
At 31 December 2020	353,466	48,510	1,116	403,092	60,878	463,970

The accompanying notes form an integral part of these financial statements.

Statements of movements in unitholders' funds (cont'd)
Year ended 31 December 2021

	Unitholders' funds				
	Issued equity $'000	Accumulated losses $'000	Subtotal $'000	Perpetual securities $'000	Total $'000
Trust					
Operations					
At 1 January 2021	353,466	(183,402)	170,064	60,878	230,942
Total return for the year	–	50,095	50,095	–	50,095
Less: Amount reserved for distribution to perpetual securities holders	–	(3,205)	(3,205)	3,205	–
Net increase in net assets resulting from operations	–	46,890	46,890	3,205	50,095
Transactions with unitholders and perpetual securities holders					
Proceeds from rights issue, net of related costs	157,702	–	157,702	–	157,702
Manager's management fees settled in units	4,906	–	4,906	–	4,906
Change in net assets resulting from creation of units	162,608	–	162,608	–	162,608
Distributions to unitholders	(34,624)	(3,544)	(38,168)	–	(38,168)
Distributions to perpetual securities holders	–	–	–	(3,408)	(3,408)
Net increase/(decrease) in net assets resulting from transactions with unitholders and perpetual securities holders	127,984	(3,544)	124,440	(3,408)	121,032
At 31 December 2021	481,450	(140,056)	341,394	60,675	402,069

The accompanying notes form an integral part of these financial statements.

Statements of movements in unitholders' funds (cont'd)
Year ended 31 December 2021

	Unitholders' funds				
	Issued equity $'000	Retained earnings $'000	Subtotal $'000	Perpetual securities $'000	Total $'000
Trust					
Operations					
At 1 January 2020	368,318	(80,300)	288,018	60,878	348,896
Total loss for the year	–	(78,784)	(78,784)	–	(78,784)
Less: Amount reserved for distribution to perpetual securities holders	–	(3,417)	(3,417)	3,417	–
Net (decrease)/increase in net assets resulting from operations	–	(82,201)	(82,201)	3,417	(78,784)
Transactions with unitholders and perpetual securities holders					
Manager's management fees settled in units	8,020	–	8,020	–	8,020
Change in net assets resulting from creation of units	8,020	–	8,020	–	8,020
Distributions to unitholders	(22,872)	(20,901)	(43,773)	–	(43,773)
Distributions to perpetual securities holders	–	–	–	(3,417)	(3,417)
Net decrease in net assets resulting from transactions with unitholders and perpetual securities holders	(14,852)	(20,901)	(35,753)	(3,417)	(39,170)
At 31 December 2020	353,466	(183,402)	170,064	60,878	230,942

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows
Year ended 31 December 2021

		Group	
		2021	**2020**
	Note	**$'000**	**$'000**
Cash flows from operating activities			
Total return/(loss) for the year after income tax		63,113	(352,410)
Adjustments for:			
Interest income		(146)	(1,436)
Interest expense		11,819	14,713
Depreciation expenses		13	14
Net foreign exchange adjustment gains		–	(325)
Amortisation of transaction costs		5,216	3,113
Impairment losses on trade receivables		632	–
Losses on disposal of quoted shares		3	6
Net fair value losses on investment properties		4,520	401,387
Adjustment on rental straight-lining		(22,703)	–
Net fair value (gains)/losses of derivative financial instruments		(3,193)	2,391
Gains on disposal of a subsidiary		(1,106)	–
Gains on disposal of an investment property		(1,607)	–
Manager's management fees settled in units		4,465	2,750
Income tax expenses/(benefit)		12,697	(5,822)
Operating cash flows before changes in working capital		73,723	64,381
Trade and other receivables		5,539	3,770
Other non-financial assets		(2,492)	2,144
Trade and other payables		(3,182)	6,762
Other non-financial liabilities		(2,963)	(12,936)
Net cash flows from operating activities		70,625	64,121
Income taxes paid		(4,421)	(13,721)
Net cash flows from operating activities		66,204	50,400

The accompanying notes form an integral part of these financial statements.

Consolidated statement of cash flows (cont'd)
Year ended 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000
Cash flows from investing activities			
Additions to investment properties		(662)	(425)
Proceeds from disposal of a subsidiary, net of cash		40	–
Proceeds from disposal of an investment property		6,114	–
Interest received		126	1,451
Investments in quoted shares		(570)	(268)
Disposals of quoted shares		567	262
Net cash flows from investing activities		5,615	1,020
Cash flows from financing activities			
Proceeds from right issue, net of related costs		157,702	–
Distribution to unitholders		(38,168)	(43,773)
Proceeds from borrowings		252,374	–
Repayment of borrowings		(393,152)	–
Payment of transaction costs related to borrowings		(4,779)	–
Interest paid		(10,646)	(17,918)
Distribution to perpetual securities holders		(3,408)	(3,417)
Net cash flows used in financing activities		(40,077)	(65,108)
Net increase/(decrease) in cash and cash equivalents		31,742	(13,688)
Cash and cash equivalents at beginning of the year		19,292	32,980
Effect of exchange rate fluctuations on cash held		169	–
Cash and cash equivalents at 31 December	9	51,203	19,292

The accompanying notes form an integral part of these financial statements.

Statements of portfolio
As at 31 December 2021

	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %	Carrying value as at 31/12/2020 $'000	Percentage of net assets attributable to unitholders as at 31/12/2020 %
Group				
Investment properties in Singapore	33,200	5.62	33,800	8.39
Investment properties in Indonesia	929,247	157.19	901,771	223.70
Investment property in South Korea	–	–	4,099	1.02
Portfolio of investment properties at valuation – total	962,447	162,81	939,670	233.11
Other net liabilities	(310,627)	(52.55)	(475,700)	(118.01)
Net assets attributable to holders	651,820	110.26	463,970	115.10
Perpetual securities holders	(60,675)	(10.26)	(60,878)	(15.10)
Net assets attributable to unitholders	591,145	100.00	403,092	100.00
Trust				
Investment properties in Singapore	33,200	9.72	33,800	19.87
Portfolio of investment properties at valuation – total	33,200	9,72	33,800	19.87
Investments in subsidiaries	669,173	196.01	661,867	389.19
Other net liabilities	(300,304)	(87.96)	(464,725)	(273.26)
Net assets attributable to holders	402,069	117.77	230,942	135.80
Perpetual securities holders	(60,675)	(17.77)	(60,878)	(35.80)
Net assets attributable to unitholders	341,394	100.00	170,064	100.00

The accompanying notes form an integral part of these financial statements.

Statements of portfolio (cont'd)
As at 31 December 2021

By Geographical Area

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease[(a)] / Remaining term of lease[(b)]	Gross floor area in square meters	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %	Carrying value as at 31/12/2020 $'000	Percentage of net assets attributable to unitholders as at 31/12/2020 %
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 10+10 years/ 6 years	3,593	8,800	1.49	9,100	2.26
Pacific Healthcare Nursing Home II @ Bukit Panjang 21 Senja Road, Singapore 677736 11 April 2007, Nursing Home 30 years leasehold from 2003 10+10 years/ 6 years	3,563	9,200	1.56	9,400	2.33
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/ 16 years	4,005	15,200	2.57	15,300	3.80
Portfolio of investment properties held by the Trust at valuation – Sub-total		33,200	5.62	33,800	8.39

The accompanying notes form an integral part of these financial statements.

Statements of portfolio (cont'd)
As at 31 December 2021

By Geographical Area

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease[(a)] / Remaining term of lease[(b]	Gross floor area in square meters	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %	Carrying value as at 31/12/2020 $'000	Percentage of net assets attributable to unitholders as at 31/12/2020 %
Indonesia					
Siloam Hospitals Lippo Village Jalan Siloam No. 6 Lippo Karawaci 1600, Tangerang, Banten, Indonesia 11 December 2006, Hospital Hak Guna Bangunan ("HGB") 15+15 years/ 29 years	32,696	172,782	29.23	164,008	40.69
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8 Kebon Jeruk, West Jakarta 11530, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 29 years	20,268	77,784	13.16	73,800	18.31
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70, Gubeng Surabaya, East Java, 60281, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 29 years	9,065	40,868	6.91	40,266	9.99
Imperial Aryaduta Hotel & Country Club Jalan Boulevard Jendral Sudirman, Kav. 401, Lippo Village 1300, Tangerang, Banten, Indonesia 11 December 2006, Hotel & Country Club HGB 1 year 21 days + 1 year/2 years	17,926	32,240	5.45	41,400	10.27

The accompanying notes form an integral part of these financial statements.

Statements of portfolio (cont'd)
As at 31 December 2021

By Geographical Area

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease[(a)] / Remaining term of lease[(b]	Gross floor area in square meters	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %	Carrying value as at 31/12/2020 $'000	Percentage of net assets attributable to unitholders as at 31/12/2020 %
Indonesia (cont'd)					
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi, Central Jakarta 12930, Indonesia 30 December 2010, Hospital HGB 15+15 years/ 29 years	37,933	133,650	22.61	126,859	31.47
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105, Lippo Cikarang, Bekasi, Indonesia 17550 31 December 2010, Hospital HGB 15+15 years/ 19 years	13,256	49,800	8.42	49,800	12.35
Siloam Hospitals Manado & Hotel Aryaduta Manado Jalan Sam Ratulangi No. 22, Komplek Boulevard Center and Jalan Piere Tendean No. 1, Manado, North Sulawesi Indonesia 95111	36,051	79,617	13.47	77,460	19.22
Siloam Hospitals Manado 30 November 2012, Hospital HGB 15+15 years/ 29 years					
Hotel Aryaduta Manado 30 November 2012, Hotel HGB 15+15 years/ 21 years					

The accompanying notes form an integral part of these financial statements.

Statements of portfolio (cont'd)
As at 31 December 2021

By Geographical Area

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease[(a)] / Remaining term of lease[(b]	**Gross floor area in square meters**	**Carrying value as at 31/12/2021 \$'000**	**Percentage of net assets attributable to unitholders as at 31/12/2021 %**	**Carrying value as at 31/12/2020 \$'000**	**Percentage of net assets attributable to unitholders as at 31/12/2020 %**
Indonesia (cont'd)					
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5, Makassar City, South Sulawesi, Indonesia 30 November 2012, Hospital HGB 15+15 years/ 29 years	14,307	69,563	11.77	66,024	16.38
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 29 years	20,958	66,382	11.23	63,006	15.63
Siloam Hospitals TB Simatupang Jalan Letjend. TB Simatupang, Jalan R.A. Kartini No. 8, Cilandak, South Jakarta, Indonesia 22 May 2013, Hospital HGB 15+15 years/ 29 years	18,605	44,178	7.47	41,931	10.40
Siloam Hospitals Purwakarta Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 29 years	8,254	24,038	4.07	22,910	5.68

The accompanying notes form an integral part of these financial statements.

Statements of portfolio (cont'd)
As at 31 December 2021

By Geographical Area

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease[(a)] / Remaining term of lease[(b]	Gross floor area in square meters	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %	Carrying value as at 31/12/2020 $'000	Percentage of net assets attributable to unitholders as at 31/12/2020 %
Indonesia (cont'd)					
Siloam Sriwijaya Jalan POM IX, Komplek Palembang Square, Palembang, South Sumatra, Indonesia 29 December 2014, Hospital Strata Title on Build, Operate and Transfer scheme 15+15 years/ 29 years	15,709	25,527	4.32	24,687	6.12
Siloam Hospitals Kupang & Lippo Plaza Kupang Jalan Veteran, No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia	55,368	53,977	9.13	53,459	13.26
Siloam Hospitals Kupang 14 December 2015, Hospital Build, Operate and Transfer ("BOT") scheme 15+15 years/ 29 years					
Lippo Plaza Kupang 14 December 2015, Mall BOT scheme 15+15 years/ 24 years					
Siloam Hospitals Labuan Bajo Jalan Gabriel Gampur, Labuan Bajo, East Nusa Tenggara, Indonesia 30 December 2016, Hospital HGB 15+15 years/ 29 years	7,604	12,002	2.03	11,178	2.77

The accompanying notes form an integral part of these financial statements.

Statements of portfolio (cont'd)
As at 31 December 2021

By Geographical Area

Description of property / Location / Acquisition date / Type of property / Land title type / Term of lease[(a)] / Remaining term of lease[(b]	Gross floor area in square meters	Carrying value as at 31/12/2021 $'000	Percentage of net assets attributable to unitholders as at 31/12/2021 %	Carrying value as at 31/12/2020 $'000	Percentage of net assets attributable to unitholders as at 31/12/2020 %
Indonesia (cont'd)					
Siloam Hospitals Buton & Lippo Plaza Buton	21,934	25,688	4.34	24,909	6.18
Jalan Sultan Hasanuddin No. 50, 52, 54 and 58 Bau, Sulawesi Tenggara, Indonesia					
Siloam Hospitals Buton 10 October 2017, Hospital Build, Operate and Transfer ("BOT") scheme 15+15 years/ 29 years					
Lippo Plaza Buton 10 October 2017, Mall BOT Scheme 15+15 years/ 26 years					
Siloam Hospitals Yogyakarta	12,474	21,151	3.58	20,074	4.98
Jalan Laksda Adi Sucipto No. 32-34 Yogyakarta, Indonesia 22 December 2017, Hospital HGB 15+15 years/ 29 years					
<u>South Korea</u>					
Sarang Hospital	4,982	–	–	4,099	1.02
No. 9 Bongsannam 3rd Street, Yeosu City, Jeonranam-Do, South Korea 5 August 2011, Hospital Freehold 10+10 years/ Nil[(1)]					
Portfolio of investment properties held by the Group at valuation – Total		962,447	162.81	939,670	233.11

Note 1: Sarang Hospital was disposed in August 2021.

The accompanying notes form an integral part of these financial statements.

Statements of portfolio (cont'd)
As at 31 December 2021

Notes:

[a]: This refers to the entire tenure of the master lease terms on the basis that the underlying HGB Titles of each of the properties can be extended and renewed, except for Siloam Sriwijaya which is held on a strata title basis under a Build, Operate and Transfer ("BOT") scheme, and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton which are under BOT schemes.

[b]: This refers to the remaining tenure of the master lease terms as at 31 December 2021 on the basis that the underlying HGB Titles of each of the properties can be extended and renewed, except for Siloam Sriwijaya which is held on a strata title basis under BOT scheme, and Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton which are under BOT schemes.

The types of property titles held by the Group are as follows:

(a) Hak Guna Bangunan ("HGB") Title

This title gives the right to construct and own buildings on a plot of land. The right is transferable and may be encumbered. Technically, HGB is a leasehold title which the State retains "ownership". For practical purposes, there is little difference from a freehold title. HGB title is granted for an initial period of up to 30 years and is extendable for a subsequent 20-year period and another 30-year period. Upon the expiration of such extensions, new HGB title may be granted on the same land. The cost of extension is determined based on a certain formula as stipulated by the National Land Office (Badan Pertanahan Nasional) in Indonesia.

(b) Build, Operate and Transfer Scheme ("BOT Scheme")

This scheme is a structure in Indonesia for the construction of commercial buildings where Indonesia government owns the relevant land ("BOT land"). Under the BOT scheme, the Indonesia government which owns BOT land ("BOT grantor") agrees to grant certain rights over the BOT land to another party ("BOT grantee").

The BOT grantee can develop the site, subject to the relevant approvals and then operate the buildings constructed on the BOT land for a particular period of time as stipulated in the BOT agreement, including obtaining Strata title certificates on the BOT land. A BOT scheme is granted for an initial period of 20 to 30 years and is extendable upon agreement of both the grantor and grantee. Upon expiration of the term of the BOT agreement, the BOT grantee must return the land, together with any buildings and fixtures on top of the land, without either party providing any form of compensation to the other.

(c) Strata Title

This title gives the party who holds the property the ownership of common areas, common property and common land proportionately with other Strata title owners.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager on 25 February 2022.

1 General

First Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 19 October 2006 (subsequently amended by a first supplemental deed dated 6 September 2007, a second supplemental deed dated 19 April 2010, a third supplemental deed dated 26 April 2011, a fourth supplemental deed dated 1 April 2013, a first amending and restating deed dated 23 March 2016, a supplemental deed of retirement and appointment of trustee dated 1 November 2017, a fifth supplemental deed dated 22 May 2018, a sixth supplemental deed dated 30 April 2019, a seventh supplemental deed dated 7 April 2020 and an eight supplemental deed dated 25 February 2022) (the "Trust Deed") between First REIT Management Limited (the "Manager") and Perpetual (Asia) Limited (the "Trustee"), governed by the laws of Singapore.

The Trust is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Trust and its subsidiaries is to invest in a portfolio of income producing real estate properties, which are primarily used for healthcare and healthcare related purposes. The primary objective is to deliver regular and stable distributions to unitholders and to achieve long-term growth in the net asset value per unit.

The consolidated financial statements relate to the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The registered office of the Manager is 333 Orchard Road #33-02, Singapore 238867.

The Trust has entered into several service agreements in relation to the management of the Trust. The fee structures of these services are as follows:

Manager's fees

Under the Trust Deed, the Manager is entitled to management fees comprising the base fee and performance fee as follows:

(i) A base fee of 0.4% (2020: 0.4%) per annum of the value of the Deposited Property. Any increase in the rate of the base fee above the permitted limit or any change in the structure of the base fee shall be approved by an extraordinary resolution of a meeting of unitholders. The Manager may opt to receive the base fee in the form of units and/or cash.

(ii) A performance fee fixed at 5.0% (2020: 5.0%) per annum of the Group's Net Property Income ("NPI") or the NPI of the relevant Special Purpose Companies ("SPCs") for each year. NPI in relation to a real estate in the form of land, whether directly held by the Trustee or indirectly held by the Trustee through a SPC, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units and/or cash. Based on the First Amending and Restating Deed dated 23 March 2016, the performance fees for the financial year is computed based on audited accounts relating to the relevant SPCs.

(iii) Manager's acquisition fee determined at 1.0% (2020: 1.0%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

(iv) A divestment fee at 0.5% (2020: 0.5%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

Trustee fees

Under the Trust Deed, the Trustee is entitled to an annual fee not exceeding 0.1% (2020: 0.1%) of the value of the Deposited Property (as defined in the Trust Deed).

The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is subject to review every three years.

2 Basis of preparation

2.1 Going concern

The Group has net current liabilities of $40,101,000 as at 31 December 2021.

Notwithstanding the above, the Manager have prepared the financial statements on a going concern basis, having assessed the sources of liquidity and funding available to the Group. These include the ability to obtain refinancing for the $100.0 million borrowings due in May 2022 and available funds from operations to the Group as at 31 December 2021. As of the date of this report, the Manager has commenced refinancing plans and is confident that the refinancing will be successfully completed and the Group can continue as a going concern for the foreseeable future.

2.2 Statement of compliance

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

The changes to significant accounting policies are described in note 2.6.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.4 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.5 Use of estimates and judgments

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following note:

- Note 4 – valuation of investment properties
- Note 5 – determination of recoverable amounts of investment in subsidiaries

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Manager has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values; and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as property valuations, broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 4 – investment properties.

2.6 Changes in accounting policies

New standards and amendments

The Group has applied the following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to FRS 116)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to FRS 109, FRS 39 and FRS 107, FRS 104 and FRS 116)*

The application of these FRS, amendments to and interpretations of FRS does not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.6, which addresses changes in accounting policies.

3.1 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in unitholders' funds, and presented in the foreign currency translation reserve (translation reserve) in unitholders' funds. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in unitholders' funds, and are presented in the translation reserve in unitholders' funds.

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification, subsequent measurement and gains and losses

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss .

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Manager. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the Manager of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss .

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

3.3 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

- Office equipment 20%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Segment reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

3.5 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess in negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.6 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure, including transaction costs. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by the MAS.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

The investment properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, the Group may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3.7 Unitholders' funds

Unitholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of units. The expenses are deducted directly against unitholders' funds.

3.8 Perpetual securities

The perpetual securities do not have a maturity date and distribution payment is optional at the discretion of the Trust. As the Trust does not have a contractual obligation to repay the principal nor make any distributions, the perpetual securities are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

3.9 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from investment property under operating leases as income on a straight- line basis over the lease term as part of 'revenue'.

3.10 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUSs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods in respect of assets other than goodwill are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.11 Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss net of the related expenses on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivables.

3.12 Rental and dividend income

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised as 'revenue' on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

3.13 Interest income and finance costs

Interest income is recognised using the effective interest method.

The Group's finance costs include:

- interest expense; and
- amortisation of transaction cost.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment properties that are measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The Inland Revenue Authority of Singapore ("IRAS") has issued the Tax Transparency Ruling and Foreign-Sourced Income Tax Exemption Ruling to the Trust.

Tax Transparency Ruling

Pursuant to the Tax Transparency Ruling issued by the IRAS, tax transparency treatment has been granted to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the Tax Transparency Ruling, which includes a distribution of at least 90% of the Specified Taxable Income of the Trust, the Trust is not subject to tax on the Specified Taxable Income distributed to the Unitholders in the same year in which the Specified Taxable Income was derived. Instead, the Trustee and the Manager would undertake to deduct income tax at the prevailing corporate tax rate (currently at 17%) from distributions made to Unitholders out of such Specified Taxable Income, except:

(i) Where the beneficial owners are Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting income tax; or

(ii) Where the beneficial owners are Qualifying Foreign Non-individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless the concession is extended.

(iii) Where the beneficial owners are Qualifying Foreign Non-Resident Fund, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions for the period from 1 July 2019 to 31 December 2025, unless the concession is extended.

A "Qualifying Unitholder" is a Unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- a body of persons (excluding partnerships) incorporated or registered in Singapore, including:

    (i) a charity registered under the Charities Act (Cap. 37) or established by any written law;
    (ii) a town council;
    (iii) a statutory board;
    (iv) a co-operative society registered under the Co-operative Societies Act (Cap. 62); or
    (v) a trade union registered under the Trade Unions Act (Cap. 333);

- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); or
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

A Qualifying Foreign Non-Individual Unitholder is a person other than an individual who is not resident in Singapore income tax purposes and who:

- does not have a permanent establishment in Singapore; or
- carries an operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire units of the Trust are not obtained from that operation.

A Qualifying Non-resident Fund is a non-resident fund that qualifies for tax exemption under Section 13CA, 13X or 13Y of the Income Tax Act (Cap.134) and who:

- does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or
- carries an operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where e the funds used by that qualifying fund to acquire units of the Trust are not obtained from that operation.

The Tax Transparency Ruling does not apply to gains or profits from the disposal of any properties such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax and income derived by the Trust but not distributed to the Unitholders in the same year in which the income is derived. Tax on such gains or profits will be subject to tax in accordance with Section 10(1)(a) of the Income Tax Act (Cap. 134). Distribution made out of the after-tax amount will not be subject to any further tax. Where the disposal gains are regarded as capital in nature, they will not be subject to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

3.15 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The application of these new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the financial statements of the Group and the Trust.

4 Investment properties

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	939,670	1,340,780	33,800	34,500
Additions	939	425	90	212
Disposal	(4,219)	–	–	–
Adjustment on rental straight-lining (note 17)	22,703	–	74	–
Fair value losses recognised in profit or loss	(4,520)	(401,387)	(764)	(912)
Effects of movement in exchange rates	7,874	(148)	–	–
At 31 December	962,447	939,670	33,200	33,800

On 28 November 2020, the Trustee had entered into a memorandum of understanding with the tenants, PT Lippo Karawaci Tbk ("LPKR") and PT Metropolis Propertindo Utama ("MPU"), to restructure the master-lease agreements ("MLAs") for fourteen (14) hospital properties in Indonesia. The restructured MLAs were completed during 2021 and took effect from 1 January 2021. The valuation of these fourteen (14) hospital properties in 2020 took into consideration the terms of the restructured MLAs and resulted in fair value losses. The rental income from these hospital properties is denominated in Indonesia Rupiah ("IDR") with effect from 1 January 2021.

On 19 July 2021, the Group entered into conditional sale and purchase agreement in relation to the disposal of Sarang Hospital in South Korea for a consideration of US$4,493,000 (approximately $6,114,000). The disposal was completed in August 2021.

As at 31 December 2021, investment properties of the Group with carrying amounts of $941,296,000 (2020: $875,231,000) were pledged as security for related borrowings (see note 11).

Measurement of fair value

Fair value hierarchy

The fair value of investment properties were determined by external independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every year.

The fair values were derived based on the discounted cash flow, capitalisation and direct comparison methods. The valuation methods involve certain estimates including those relating to discount rate, terminal capitalisation rate, capitalisation rate and price per square metre. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. The valuation technique(s) considered by valuers for each property is in line with market practices generally adopted in the jurisdiction in which the property is located.

The fair value measurement of all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

4 Investment properties (cont'd)

Valuation techniques and inputs used in Level 3 fair value measurements

In 2021, the valuations were undertaken by the following independent professional valuers:

1. Four (4) Indonesia properties – Kantor Jasa Penilai Publik ("KJPP") Willson dan Rekan in association with Knight Frank (2020: One (1))

2. Twelve (12) Indonesia properties – Cushman & Wakefield VHS Pte. Ltd. in conjunction with KJPP Firman, Suryantoro, Sugeng, Suzy, Hartomo & Rekan (2020: Fifteen (15))

3. Three (3) Singapore properties – Cushman & Wakefield VHS Pte. Ltd. (2020: Savills Valuation and Professional Services (S) Pte. Ltd.)

As at 31 December 2021, the valuation reports of all the Group's properties in Singapore and a property in Indonesia included a "material valuation uncertainty" due to the disruption to the market at that date caused by the COVID-19 outbreak. The external valuers have stated in their valuation reports that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to the valuations than would normally be the case. Due to the unknown future impact that COVID-19 pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

4 Investment properties (cont'd)

Measurement of fair value (cont'd)

Valuation techniques and inputs used in Level 3 fair value measurements (cont'd)

The following table shows the valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs		Inter-relationship between key unobservable inputs and fair value measurement
	Singapore	**Indonesia**	
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sales price to those reflective of the investment properties under development.	Not applicable	Price per square metre ("psm"): $593 (2020: Not applicable)	The estimated fair value would increase (decrease) if price psm was higher (lower).
Income capitalisation method: The income capitalisation method capitalises an income stream into a present value using single-year capitalisation rates.	Capitalisation rates ranging from: 6.75% to 7.00% (2020: 6.75% to 7.00%)	Not applicable	The higher the capitalisation rate, the lower the fair value.
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value.	Growth rate: 2.00% (2020: 2.00%)	Growth rate: Affected properties[1]: Note A Non-affected properties[2]: Note B	The higher the growth rate in rental income, the higher the fair value.
	Discount rate: 8.75% (2020: 8.75%)	Discount rate: Affected properties: 11.84% to 11.90% (2020: 11.70%) Non-affected properties: 9.34% to 9.60% (2020: 9.50% to 9.56%)	The higher the discount rate, the lower the fair value.
	Terminal capitalisation rate[3]: Not applicable (2020: 7.25% to 7.00%)	Terminal capitalisation rate[4]: Affected properties: 9.00% to 9.25% (2020: 9.00% to 9.25%) Non-affected properties: 9.25% to 9.75% (2020: 9.25% to 9.98%)	The higher the terminal capitalisation rate, the lower the fair value.

4 Investment properties (cont'd)

Measurement of fair value (cont'd)

Valuation techniques and inputs used in Level 3 fair value measurements (cont'd)

1 The affected Indonesia properties comprise Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Manado (excluding Hotel Aryaduta Manado), Siloam Hospitals Makassar, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Purwakarta, Siloam Sriwijaya, Siloam Hospitals Kupang (excluding Lippo Plaza Kupang), Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton (excluding Lippo Plaza Buton) and Siloam Hospitals Yogyakarta.

2 The non-affected Indonesia properties comprise Imperial Aryaduta Hotel & Country Club, Siloam Hospitals Lippo Cikarang, Hotel Aryaduta Manado (excluding Siloam Hospitals Manado), Lippo Plaza Kupang (excluding Siloam Hospitals Kupang) and Lippo Plaza Buton (excluding Siloam Hospitals Buton).

3 The direct discounting analysis is applied in 2021 with the cashflow period projected until the end of the leasehold term of respective properties. No terminal capitalisation rate was applied for all properties located in Singapore as the land together with buildings are expected to be returned to the government upon the expiration of the term of the leasehold land.

4 No terminal capitalisation rate was used for the valuation of Siloam Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Buton & Lippo Plaza Buton whose respective agreements with the provincial governments only allow for a fixed lease period each.

Note A – The growth rate for the base rents for the affected Indonesia properties were at 4.50% (2020: 4.50%) as agreed in the restructured master lease agreements. The performance-based rent is at 8.00% (2020: 8.00%) of the affected Indonesia properties preceding financial year's hospital gross operating revenue. The adopted annual rent shall be the higher of base or performance-based rents.

Note B – The growth rate for the base rents of the non-affected Indonesia properties were capped at 2.00% (2020: 2.00%) of the preceding 12 months' base rent depending on the Consumer Price Index of Singapore. The variable rent is the amount equivalent from 0.00% to 2.00% (2020: 0.00% to 2.00%) of the tenant's gross revenue for the preceding calendar year, depending on the tenant's gross revenue growth.

5 Investments in subsidiaries

	Trust	
	2021	**2020**
	$'000	**$'000**
Movements during the year, at cost:		
At 1 January	661,867	754,569
Redemption of redeemable preference shares	(27,473)	(17,245)
Reversal/(Allowance) for impairment losses	34,779	(75,457)
At 31 December	669,173	661,867
Total cost comprising:		
Unquoted equity shares at cost	414,292	414,292
Redeemable preference shares at cost	303,695	331,168
Allowance for impairment losses	(48,814)	(83,593)
Total at cost	669,173	661,867

The redeemable preference shares are redeemable at the option of the Singapore subsidiaries.

Details of the subsidiaries are included in note 30.

Allowance for impairment loss on investments in subsidiaries

At each reporting date, the Trust carried out impairment assessment of its investments in subsidiaries to assess whether there is any indication of impairment. The Trust evaluates, amongst other factors, the future profitability of the subsidiaries, including factors such as industry performance, operational and financing cash flows. The recoverable amounts were estimated by taking into consideration the net assets of the subsidiaries which comprised predominantly investment properties whose recoverable amounts were estimated using external valuation report.

The recoverable amount of the investments could change significantly as a result of the changes in market conditions and the assumptions used in determining the recoverable amount. Based on this assessment, the Trust reversed impairment loss of $34,779,000 (2020: recognised an impairment loss of $75,457,000) on its investments in subsidiaries.

6 Loan to a subsidiary

	Trust	
	2021	**2020**
	$'000	**$'000**
Loan to a subsidiary:		
Non-current portion	25,465	30,288
Current portion	4,191	4,191
Total	29,656	34,479

The non-current portion of the loan to a subsidiary is unsecured, interest-bearing ranging from 3.12% to 3.49% (2020: 3.12% to 3.49%) per annum and is repayable by quarterly instalments over 20 years from 30 December 2010.

The current-portion of the loan to a subsidiary is unsecured, interest-free and repayable on demand.

The exposure of the Trust to credit risk is disclosed in note 29.

7 Trade and other receivables

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables:				
- Third parties	–	8,169	–	24
- Related parties	1,381	11,678	8	8
Less impairment allowance	–	(5,050)	–	–
Trade receivables – net	1,381	14,797	8	32
Other receivables:				
- Third parties	361	3,196	265	381
- Subsidiaries	–	–	11,581	10,542
- Related party (a)	30,746	27,035	918	–
Less impairment allowance	–	–	–	(567)
Other receivables – net	31,107	30,231	12,764	10,356
Total trade and other receivables	32,488	45,028	12,772	10,388

7 Trade and other receivables (cont'd)

(a) The amount comprises progress payments made to a related party, PT Saputra Karya ("PT SK"), interest income on progress payments, and professional fees, in relation to the development works of a new Siloam Hospitals Surabaya in prior years which was no longer progressing. In 2020, a termination notice was served to PT SK to terminate the development work agreement. Of the $30,746,000, $918,000 relates to project expenses incurred by the Trust on behalf of a wholly-owned subsidiary of the Trust, PT Tata Prima Indah ("PT TPI").

On 7 December 2021, PT TPI entered into a progress payments settlement agreement with LPKR and PT SK, where PT SK shall make payment to PT TPI of the amount of the progress payments of IDR281,250,090,000 (equivalent to $27.0 million) and the interest of IDR28,001,721,252 (equivalent to $2.7 million) by monthly instalments from January 2022 to June 2022.

In addition, PT TPI has on 7 December 2021 entered into a project expenses settlement agreement with PT SK and the Trustee to make payment to the Trust of the aggregate amount of the project expenses of $0.9 million incurred by the Trust on behalf of PT TPI.

On 28 January 2022, the Group has obtained approval from the independent unitholders of First REIT for both the progress payments and project expenses settlement agreements.

Of the $30,746,000 receivable from PT SK, $606,000 for the first instalment on progress payments settlement agreement and $918,000 on project expenses respectively have been subsequently received by the Group and the Trust during January 2022.

The exposure of the Group and the Trust to credit risk, market risk and impairment loss for trade and other receivables, are disclosed in note 29.

8 Other assets

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Prepayments	3,120	42	3,120	40
Prepaid other taxes	249	835	–	–
	3,369	877	3,120	40

9 Cash and cash equivalents

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks	51,203	19,292	35,137	10,738

The rate of interest for the cash on interest-earning accounts is 0.20% to 0.33% (2020: 0.12% to 1.65%) per annum.

10 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Investment properties	20,601	19,968	–	–

Movement in deferred tax liabilities of the Group during the year are as follows:

	Investment properties	
	2021	2020
	$'000	$'000
At 1 January	19,968	38,236
Recognised in profit or loss (note 22)	471	(18,268)
Exchange differences	162	–
At 31 December	20,601	19,968

11 Borrowings

	Group and Trust	
	2021	2020
	$'000	$'000
Current		
Bank loan A (secured)	–	195,345
Bank loan B (secured)	99,258	–
	99,258	195,345
Non-current		
Bank loan A (secured)	–	194,972
Bank loan B (secured)	–	98,688
Bank loan C (secured)	249,953	–
	249,953	293,660
Total	349,211	489,005

In May 2019, the Trust drew down Bank loan B under a $100 million syndicated secured financing facilities to refinance a maturing bank loan. Bank loan B consists of a 3-year Singapore dollar term loan and the amount under Bank loan B is due in May 2022.

11 Borrowings (cont'd)

On 24 December 2020, the Trustee entered into a facility agreement with two of the existing lenders, Oversea-Chinese Banking Corporation Ltd ("OCBC") and CIMB Bank Berhad ("CIMB") in respect of a facility of up to $260 million to partly refinance Bank loan A. In March 2021, the Trust drew down Bank loan C amounting to $252,374,000 under this $260 million syndicated secured financing facility. Bank loan C and approximately $140 million of the proceeds from the rights issue (note 16 (a)) were used to repay Bank loan A. Bank loan C consists of a 2-year Singapore dollar term loan and a 2-year Singapore dollar revolving credit facility loan. The amounts under Bank loan C are due in March 2023.

The Trust has entered into interest rate swaps arrangements to manage the interest rate risk exposure arising from a portion of the bank loans with floating rates (note 12).

The carrying amount of the current and non-current borrowings, which are at floating variable market rates, approximate their fair values at reporting date.

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	2021 $'000	2020 $'000
Group and Trust					
Secured bank loan A	SGD	1.63% - 4.39% (2020: 1.62% - 3.76%)	2021	–	371,916
Secured bank loan A	USD	1.64% - 1.66% (2020: 1.67% - 3.44%)	2021	–	18,401
Secured bank loan B	SGD	2.23% - 2.38% (2020: 2.23% - 2.38%)	2022	99,258	98,688
Secured bank loan C	SGD	2.65% - 4.39% (2020: N/A)	2023	249,953	–
				349,211	498,005

The bank loan agreements provide among other matters for the following:

1) Legal mortgage over all the properties of the Group except for Siloam Hospitals Yogyakarta (2020: Sarang Hospital, Siloam Hospitals Surabaya and Siloam Hospitals Yogyakarta).

2) Assignment to the banks of all of the Group's rights, titles, interests and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesia properties and the Singapore properties except for Siloam Hospitals Yogyakarta (2020: Siloam Hospitals Surabaya and Siloam Hospitals Yogyakarta).

3) Assignment to the banks of all of the Group's rights, titles and interests under the insurance policies in respect of the Indonesia properties and the Singapore properties, with the bank named as a "loss payee" except for Siloam Hospitals Yogyakarta (2020: Siloam Hospitals Surabaya and Siloam Hospitals Yogyakarta).

11 Borrowings (cont'd)

4) A debenture containing first fixed and floating charges over all assets and undertakings of the Trust's Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Kalmore Investments Pte. Ltd. and Icon1 Holdings Pte. Ltd. (2020: Siloam Hospitals Surabaya and Siloam Hospitals Yogyakarta).

5) Charge of all of the Trust's shares in the Singapore subsidiaries and subsidiaries of Trust's Singapore subsidiaries except for Kalmore Investments Pte. Ltd. and Icon1 Holdings Pte. Ltd. (2020: Kalmore Investments Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd. and Icon1 Holdings Pte. Ltd.).

6) Charge of all of the Singapore subsidiaries' shares in the Indonesia subsidiaries except for the Joint-operation company, PT Yogya Central Terpadu (2020: PT Tata Prima Indah and Joint-operation company PT Yogya Central Terpadu).

7) A debenture by the Group covering first fixed and floating charges over all assets and undertakings in respect of the Singapore properties.

8) OUE Lippo Healthcare Limited's interest in the Trust directly and indirectly is at least at 8%.

9) OUE Limited's interest in First REIT Management Limited directly and indirectly is at least at 40%.

10) Compliance with certain financial covenants (note 29).

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		
	Borrowings $'000	**Interest payable $'000**	**Total $'000**
Balance at 1 January 2021	489,005	1,280	490,285
Changes from financing cash flows			
Proceeds from borrowings	252,374	–	252,374
Payment of transaction costs related to borrowings	(4,779)	–	(4,779)
Repayment of borrowings	(393,152)	–	(393,152)
Interest paid	–	(10,646)	(10,646)
Total changes from financing cash flows	(145,557)	(10,646)	(156,203)
The effect of changes in foreign exchange rates	547	–	547
Other changes			
Liability-related			
Amortisation of transaction costs	5,216	–	5,216
Interest expense	–	11,819	11,819
Total liability-related other changes	5,216	11,819	17,035
Balance at 31 December 2021	349,211	2,453	351,664

11 Borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities (con't)

	Liabilities		
	Borrowings $'000	Interest payable $'000	Total $'000
Balance at 1 January 2020	486,410	4,485	490,895
Changes from financing cash flows			
Interest paid	–	(17,918)	(17,918)
Total changes from financing cash flows	–	(17,918)	(17,918)
The effect of changes in foreign exchange rates	(518)	–	(518)
Other changes			
Liability-related			
Amortisation of transaction costs	3,113	–	3,113
Interest expense	–	14,713	14,713
Total liability-related other changes	3,113	14,713	17,826
Balance at 31 December 2020	489,005	1,280	490,285

12 Derivative financial instruments

	Notional amounts		Group and Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Current				
Derivative liabilities				
Interest rate swaps	196,831	–	673	–
Non-current				
Derivative liabilities				
Interest rate swaps	–	196,831	–	3,866

The Group uses interest rate swaps to manage its exposure to interest rate movements on floating rate interest-bearing bank loans by swapping the floating rates on the bank loans to fixed rates. The fair values of the derivatives are measured based on the quote from financial institutions (Level 2).

13 Trade and other payables

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables:				
- Third parties	186	199	94	112
- Related party	8,218	8,345	8,218	8,345
	8,404	8,544	8,312	8,457
Other payables:				
- Third parties	10,462	8,750	6,150	5,140
- Subsidiaries	–	–	14,540	11,840
- Related party	22	22	–	–
	10,484	8,772	20,690	16,980
Total trade and other payables	18,888	17,316	29,002	25,437

The exposure of the Group and the Trust to liquidity risk is disclosed in note 29.

14 Other liabilities

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Rental income received in advance from tenants	2,284	8,148	105	103
Security deposits	4,860	1,959	1,998	1,959
	7,144	10,107	2,103	2,062

15 Perpetual securities

In 2016, the Trust issued $60 million of subordinated perpetual securities at a fixed rate of 5.68% per annum, with the first distribution rate reset on 8 July 2021 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of the Trust in accordance with the terms and conditions of the securities. The distribution will be payable semi-annually at the discretion of the Trust and will be non-cumulative. The distribution rate applicable to the perpetual securities in respect of the period from the first reset date (being 8 July 2021) to the immediately following reset date (being 8 July 2026) shall be 4.9817%, being the prevailing five-year swap offer rate of 1.0567% per annum with respect to the relevant reset date plus the initial spread of 3.925%, in accordance with the terms and conditions of the perpetual securities.

15 Perpetual securities (con't)

In terms of distribution payments or in the event of winding-up of the Trust:

- These perpetual securities rank *pari passu* with holders of preferred units (if any) and rank ahead of the unitholders of Trust but junior to the claims of all present and future creditors of the Trust.
- The Trust shall not declare or pay any distributions to the unitholders, or make redemption, unless the Trust declares or pays any distributions to the perpetual securities holders.

These perpetual securities are classified as equity. An amount of $3,205,000 and $3,417,000 were reserved for distribution to perpetual securities holders for each of the reporting years ended 31 December 2021 and 31 December 2020 respectively. Management has taken the view that as there is no contractual obligation to repay the principal or to pay any distributions, the perpetual securities do not meet the definition for classification as a financial liability under FRS 32 *Financial Instruments: Disclosure and Presentation*. The perpetual securities are presented within equity, and the distributions treated as dividends.

16 Units in issue and net assets value attributable to unitholders

		Group and Trust	
		2021	**2020**
	Note	**'000**	**'000**
At 1 January		807,206	797,675
Issuance of new units for rights issue exercise	(a)	791,062	–
Issuance of new units as settlement of management fees	(b)	14,760	9,531
At 31 December		1,613,028	807,206

(a) A total of 791,062,000 (2020: nil) new units at an issue price of $0.20 per unit were issued in respect of the rights issue exercise.

The proceeds of the rights issue, which was completed on 24 February 2021, was mainly used for the purpose of (a) repaying part of the Bank loan A (note 11) and (b) payment of professional fees incurred by the Trust in connection to the loan refinancing exercise.

(b) A total of 14,760,000 (2020: 9,531,000) new units at an issue price range from $0.2358 to $1.0013 (2020: $0.4668 to $1.0013) per unit were issued in respect of the settlement for the Manager's management fees to the Manager.

At the end of the reporting year, 3,303,000 (2020: 3,493,000) units were issuable as settlement for the Manager's management fees for the last quarter of the reporting year.

16 Units in issue and net assets value attributable to unitholders (cont'd)

The issue price for determining the number of units issued and issuable as Manager's management fees is calculated based on the volume weighted average traded price ("VWAP") for all trades done on SGX-ST in the ordinary course of trading for 10 business days immediately preceding the respective last business day of the respective quarter end date.

The Trust does not hold any treasury units and there is no subsidiary holding as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

Under the Trust Deed, every unit carries the same voting rights. Each unit represents an equal and undivided beneficial interest in the assets of the Trust. Units have no conversion, retraction, redemption or pre-emptive rights. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Receive audited financial statements and the annual report of the Trust; and
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust.

No unitholder has a right to require that any assets of the Trust be transferred to him.

Further, unitholders cannot give directions to the Trustee or the Manager (whether at a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- The Trust ceasing to comply with applicable laws and regulations; or
- The exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager.

The Trust Deed contains provisions that are designed to limit the liability of a unitholder to the amount paid or payable for any unit. The provisions seek to ensure that if the issue price of the units held by a unitholder has been fully paid, no such unitholder, by reason alone of being a unitholder, will be personally liable to indemnify the Trustee or any creditor of the Trust in the event that the liabilities of the Trust exceeds its assets.

	Group		**Trust**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Net assets value attributable to unitholders	591,145	403,092	341,394	170,064
Net assets value per unit in cents attributable to unitholders	36.65	49.94	21.16	21.07

17 Rental and other income

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Rental income from investment properties	101,428	79,316	4,226	3,375
Government grant from rental relief framework	–	303	–	303
Other income	918	–	918	–
Dividend income from subsidiaries	–	–	34,643	29,519
	102,346	79,619	39,787	33,197

Included in rental income of the Group is variable rent of $714,000 (2020: $4,062,000) and adjustment on rental straight-lining of $22,703,000 (2020: $nil) (note 4).

In 2020, government grants were provided to property owners as rental relief which in turn provided the necessary rental relief to their eligible tenants of the prescribed properties under the rental relief framework in Singapore.

During the year, the Group has provided a total of $699,000 (2020: $38,547,000) COVID-19 pandemic relief measures as part of its tenants support measures via rental rebates to the affected tenants during the period.

18 Property operating expenses

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Property tax expense	202	–	202	–
Valuation expenses	320	242	31	35
Professional fees	747	860	–	–
Impairment allowance on trade and other receivables	632	842	–	–
Others	229	210	–	11
	2,130	2,154	233	46

19 Manager's management fees

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Base fees	4,145	5,552	4,101	5,508
Performance fees	4,965	3,858	4,965	3,858
	9,110	9,410	9,066	9,366

20 Finance costs

	Group and Trust 2021 $'000	2020 $'000
Interest expense	11,819	14,713
Amortisation of transaction costs	5,216	3,113
	17,035	17,826

21 Other expenses

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Handling and processing fees	274	287	274	287
Professional fees	766	455	677	455
Project expenses	965	4,795	965	4,795
Others	239	168	313	150
	2,244	5,705	2,229	5,687

Included in the professional fees are the following:

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Included in the professional fees are the following:				
Auditors of the Trust	537	250	397	136
Other auditors	136	214	–	–
Non-audit fees paid/payable to:				
Auditors of the Trust	–	88	–	88
Other auditors	–	12	–	12

22 Income tax expenses/(benefit)

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current tax expense				
Current year	7,551	7,855	–	–
Withholding tax	4,675	4,591	–	–
Deferred tax expense/ (income)	471	(18,268)	–	1,467
Total income tax expenses/(benefit)	12,697	(5,882)	–	1,467

Reconciliation of effective tax rate

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Total return/(loss) for the year the before income tax	75,810	(358,232)	50,095	(77,317)
Tax using Singapore tax rate of 17% (2020: 17%)	12,888	(60,899)	8,516	(13,144)
Effect of tax rates in foreign jurisdictions	(7,900)	46,370	–	–
Tax-exempt income	(461)	–	(11,898)	–
Non-deductible expenses	4,176	4,572	4,063	15,067
Foreign withholding tax	4,675	4,591	–	–
Tax transparency	(681)	(456)	(681)	(456)
	12,697	(5,822)	–	1,467

23 Earnings per unit

	Group 2021	Group 2020
Total return/(loss) attributable to unitholders ($'000)	59,908	(355,827)
Weighted average number of units during the year ('000)	1,499,382	802,634
Adjustment for effect of right issue[1] ('000)	–	49,090
Weighted average number of units during the year	1,499,382	851,724
Earnings per unit (in cents)		
Basic and diluted	4.00	(41.78)[1]

[1] The weighted average number of units in 2020 has been adjusted to reflect the bonus element in the new units pursuant to the issuance of rights units on 24 February 2021. Prior year comparative for earnings per unit was restated through retrospective application of a bonus factor to the weighted average number of units. The bonus factor is derived from the division of fair value per unit immediately before the exercise of rights by the theoretical ex-rights fair value.

There were no potential dilutive units for the years ended 31 December 2021 and 31 December 2020. As such, the total return/(loss) attributable to unitholders and the weighted average number of units used in the calculation of diluted earnings per unit are the same as those used in the calculation of basic earnings per unit.

24 Distributions to unitholders

	Group and Trust	
	2021	**2020**
	$'000	**$'000**
Distribution of 0.84 cents per unit for the period from 1 October 2020 to 31 December 2020 (2.15 cents per unit for the period from 1 October 2019 to 31 December 2019)	6,780	17,200
Distribution of 0.65 cents per unit for the period from 1 January 2021 to 31 March 2021 (1.86 cents per unit for the period from 1 January 2020 to 31 March 2020)	10,443	14,880
Distribution of 0.65 cents per unit for the period from 1 April 2021 to 30 June 2021 (0.44 cents per unit for the period from 1 April 2020 to 30 June 2020)	10,460	3,540
Distribution of 0.65 cents per unit for the period from 1 July 2021 to 30 September 2021 (1.01 cents per unit for the period from 1 July 2020 to 30 September 2020)	10,485	8,153
	38,168	43,773

On 10 February 2022, the Manager declared a distribution of 0.66 cents per unit, amounting to $10,732,000, in respect of the period from 1 October 2021 to 31 December 2021.

Current distribution policy:

The Trust's current distribution policy is to distribute at least 90.0% (2020: 90.0%) of its taxable and tax-exempt income (after deduction of applicable expenses) and certain capital receipts. The capital receipts comprise amounts received by the Trust from redemption of redeemable preference shares and shareholder loans in the Singapore subsidiaries.

25 Financial ratios

	Group		Trust	
	2021	**2020**	**2021**	**2020**
Expenses to average net assets attributable to unitholders ratio - excluding performance related fees (1)	0.79%	1.95%	2.56%	5.07%
Expenses to average net assets attributable to unitholders ratio - including performance related fees (1)	1.79%	2.59%	4.50%	6.76%
Portfolio turnover ratio (2)	2.78%	N/M	N/M	N/M
Total operating expenses ($'000) (3)	11,033	11,864	11,751	16,987
Total operating expenses to net asset value ratio (3)	(0.28%)	2.94%	3.44%	9.99%

(1) The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses excluding any property related expenses, interest expenses, foreign exchange losses, tax deducted at source and costs associated with the purchase of investments.

(2) Turnover ratio means the number of times per year that a dollar of assets is reinvested. It is calculated based on the lesser of purchases or sales of underlying investments of a scheme expressed as a percentage of daily average net asset value.

(3) The revised CIS Code dated 16 April 2020 requires disclosure of the total operating expenses of the property fund, including all fees and charges paid to the Manager and interested parties (in both absolute terms, and as a percentage of the property fund's net asset value as at the end of the financial year) and taxation incurred in relation to the property fund's real estate assets.

N/M – Not meaningful as there was no sale of investment property during financial year ended 31 December 2020.

26 Leases

Leases as lessor (FRS 116)

Operating lease

The Group and the Trust lease out its investment properties (note 4) under non-cancellable leases. The Group and the Trust have classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Information about the operating leases of investment properties are set out in statements of portfolio.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Less than one year	75,621	118,493	4,235	4,152
One to two years	76,280	88,016	4,312	4,235
Two to three years	79,270	88,101	4,414	4,320
Three to four years	82,236	88,187	4,495	4,406
Four to five years	81,179	88,275	4,584	4,495
More than five years	851,566	167,485	1,577	1,542
Total	1,246,152	638,557	23,617	23,150

27 Significant related party transactions

Other than disclosed elsewhere in the financial statements, the following significant transactions took place between the Group, the Trust and related parties at terms agreed between the parties during the financial year:

	Note	Group		Trust	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Property rental income		90,807	57,360	–	–
The Manager					
Management fees		(9,110)	(9,410)	(9,066)	(9,366)
The Trustee					
Trustee fees		(311)	(416)	(311)	(416)

28 Operating segments

Information about reportable segment profit or loss and assets

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare related sector. As at 31 December 2021, the Group had two reportable operating segments: Indonesia operations and Singapore operations (2020: three operating segments: Indonesia operations, Singapore operations and South Korea operations). For management purposes the Group is organised into one major strategic operating segment that offers all the investment properties for healthcare and/or healthcare related purposes.

The geographical segment represents the Group's distinguishable components which provide products or services within a particular economic environment (location) and this component contains risks and returns that are different from those components which operate in other economic environments (locations). The liabilities are not analysed as the largest amount, namely the borrowings, are centrally managed.

There are no significant inter-segment transactions. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in note 3.4.

28 Operating segments (cont'd)

The management reporting system evaluates performances based on a number of factors. However the primary financial performance measurement is to evaluate the properties based on their returns and yields.

	Indonesia $'000	Singapore $'000	South Korea[1] $'000	Total $'000
2021				
Profit or loss reconciliation				
Rental and other income	96,631	5,144	571	102,346
Impairment allowance on trade receivables	–	–	(632)	(632)
Net property income and other income	95,646	4,689	(119)	100,216
Interest income	124	22	–	146
Manager's management fees				(9,110)
Trustee fees				(311)
Finance costs	–	(17,035)	–	(17,035)
Other expenses				(2,244)
Net income				71,662
Net fair value losses on investment properties	(3,756)	(764)	–	(4,520)
Gains on disposal of an investment property	–	–	1,607	1,607
Gains on disposal of a subsidiary	–	–	1,106	1,106
Net fair value losses of derivative financial instruments				3,193
Net foreign exchange gains				2,762
Total return before income tax				75,810
Income tax expense	(12,697)	–	–	(12,697)
Total return after income tax				63,113
Assets				
Segment assets including investment properties	975,284	74,251	–	1,049,535
Total assets				1,049,535

[1] Disposed in August 2021.

28 Operating segments (con't)

	Indonesia $'000	Singapore $'000	South Korea $'000	Total $'000
2020				
Profit or loss reconciliation				
Rental and other income	75,129	3,678	812	79,619
Impairment allowance on trade receivables	–	–	(842)	(842)
Net property income and other income	74,249	3,353	(137)	77,465
Interest income	1,345	91	–	1,436
Manager's management fees				(9,410)
Trustee fees				(416)
Finance costs	–	(17,826)	–	(17,826)
Other expenses				(5,705)
Net income				45,544
Net fair value losses on investment properties	(396,641)	(912)	(3,834)	(401,387)
Net fair value losses of derivative financial instruments				(2,391)
Net foreign exchange gains				2
Total return before income tax				(358,232)
Income tax benefit/(expense)	6,961	(1,467)	328	5,822
Total return after income tax				(352,410)
Assets				
Segment assets including investment properties	953,431	45,102	6,375	1,004,908
Total assets				1,004,908

Income is attributed to countries on the basis of the location of the investment properties. The non-current assets comprises mainly of investment properties which are analysed by the geographical area in which the assets are located (see the statements of portfolio for the carrying value of these assets).

Income from the Group's top one and top two customers in Indonesia in aggregate amounted to $90,807,000 and $96,639,000 (2020: $65,413,000 and $75,128,000) respectively.

29 Financial instruments

Financial risk management

Overview

The Group has exposure to credit risk, liquidity risk and market risk arising from financial instruments.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors of the Manager has overall responsibility for the establishment and oversight of the risk management framework of the Group. The Audit and Risk Committee of the Manager assists the Board of Directors and oversees how the Manager monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee reports regularly to the Board of Directors on its activities.

Credit risk

Credit risk is the potential financial loss resulting from a failure of a tenant or counterparty to a financial instrument fails to meet its contractual obligations to the Group as and when they fall due.

The carrying amounts of financial assets in the statements of financial position represent the Group's and the Trust's maximum exposure to credit risk, before taking into account any collateral held. Security deposits are received, where appropriate, to reduce credit risk.

Trade and other receivables

The Manager has established credit limits for tenants, obtained security deposits and/or bank guarantees (where applicable) and monitors their balances on an on-going basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants.

One of the tenants in Singapore has provided a bank guarantee in lieu of security deposits of $1,485,000 (2020: $1,456,000). The lessees, LPKR and its subsidiaries, have provided bank guarantees of $44,918,000 (2020: $50,330,000) in lieu of security deposits for rental income from the properties. These guarantees which expired in 2021 have been renewed up to October and December 2022 as appropriate.

29 Financial instruments (cont'd)

Exposure to credit risk

The exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	Group 2021 $'000	Group 2020 $'000
Indonesia	1,381	14,773
Singapore	–	24
	1,381	14,797

Expected credit loss assessment for trade receivables

The Group uses an allowance matrix to measure the lifetime ECL of trade receivables from individual tenants. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates (including the impact of the COVID-19 pandemic) are analysed. The Group has only a few tenants and for which credit risk can be graded individually. Loss allowance will be recognised for receivables from tenants if there is a significant increase in credit risk since the initial recognition. The loss allowance for trade receivables as at 31 December 2021 is insignificant.

The following table provides information about the exposure to credit risk and ECLs for trade receivables:

	Group			
	Gross carrying amount 2021 $'000	Impairment loss allowance 2021 $'000	Gross carrying amount 2020 $'000	Impairment loss allowance 2020[1] $'000
Past due less than 30 days	1,168	–	4,119	–
Past due 31 to 60 days	–	–	3,942	(162)
Past due 61 to 90 days	205	–	189	–
Past due over 90 days	8	–	11,597	(4,888)
	1,381	–	19,847	(5,050)

[1] The loss allowance of $5,050,000 as at 31 December 2020 was due to the receivables from the tenant of Sarang Hospital, which was disposed in August 2021.

Non-trade amounts due from subsidiaries and loan to a subsidiary

The Trust holds non-trade receivables from its subsidiaries of $11,581,000 (2020: $10,542,000) and loan to a subsidiary of $29,656,000 (2020: $34,479,000). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Impairment on these balances has been measured on the 12-month expected credit loss basis. The amount of the allowance on non-trade receivables from its subsidiaries was negligible (2020: $567,000) as at 31 December 2021.

29 Financial instruments (cont'd)

Exposure to credit risk (cont'd)

Movement in allowance for impairment losses in respect of trade and other receivables during the year were as follows:

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	(5,050)	(4,324)	(567)	(567)
Impairment losses (recognised)/reversed	(632)	(842)	567	–
Utilised	5,682	–	–	–
Effect of movements in exchange rates	–	116	–	–
At 31 December	–	(5,050)	–	(567)

Derivatives

Derivative are entered into with bank and financial institution counterparties with sound credit rating.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents are held with bank and financial institution counterparties that have a sound credit rating.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

As at 31 December 2021, the Group has $100.0 million borrowings due in May 2022. The Manager has assessed the sources of funding available to the Group which include the ability to obtain refinancing and available funds from operations to the Group as at 31 December 2021 and is confident that the refinancing will be successfully completed.

29 Financial instruments (cont'd)

Liquidity risk (cont'd)

The Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash outflows $'000	Within 1 year $'000	Within 2 to 5 years $'000
Group				
2021				
Non-derivative financial liabilities				
Borrowings	349,211	(365,283)	(107,109)	(258,174)
Trade and other payables	18,888	(18,888)	(18,888)	–
	368,099	(384,171)	(125,997)	(258,174)
Derivative financial liabilities				
Interest rate swaps (net-settled)	673	(673)	(673)	–
	368,772	(384,844)	(126,670)	(258,174)
2020				
Non-derivative financial liabilities				
Borrowings	489,005	(492,375)	(195,662)	(296,713)
Trade and other payables	17,316	(17,316)	(17,316)	–
	506,321	(509,691)	(212,978)	(296,713)
Derivative financial liabilities				
Interest rate swaps (net-settled)	3,866	(3,866)	–	(3,866)
	510,187	(513,557)	(212,978)	(300,579)

29 Financial instruments (cont'd)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash outflows $'000	Within 1 year $'000	Within 2 to 5 years $'000
Trust				
2021				
Non-derivative financial liabilities				
Borrowings	349,211	(365,283)	(107,109)	(258,174)
Trade and other payables	29,002	(29,002)	(29,002)	–
	378,213	(394,285)	(136,111)	(258,174)
Derivative financial liabilities				
Interest rate swaps (net-settled)	673	(673)	(673)	–
	378,886	(394,958)	(136,784)	(258,174)
2020				
Non-derivative financial liabilities				
Borrowings	489,005	(492,375)	(195,662)	(296,713)
Trade and other payables	25,437	(25,437)	(25,437)	–
	514,442	(517,812)	(221,099)	(296,713)
Derivative financial liabilities				
Interest rate swaps (net-settled)	3,866	(3,866)	–	(3,866)
	518,308	(521,678)	(221,099)	(300,579)

29 Financial instruments (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, will affect the Group's total return or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group operates predominantly in Indonesia and Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies other than the functional currencies of respective entity such as the US dollar ("USD") and Singapore dollar ("SGD").

The Group's exposures to various foreign currencies are shown in SGD, translated using the spot rate as at 31 December as follows:

	Group		Trust
	Other payables $'000	Secured bank loan $'000	Secured bank loan $'000
2021			
SGD	263,790	–	–
2020			
USD	–	18,401	18,401

Sensitivity analysis

A 5% strengthening of the functional currencies of the respective entity against the following currencies at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. A similar weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rate, remain constant.

	Profit or loss	
	2021 $'000	2020 $'000
Group		
SGD	13,190	–
USD	–	920
Trust		
USD	–	920

29 Financial instruments (cont'd)

Interest rate risk

The Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings. The Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Derivative financial instruments are used to manage exposures to interest rate risks arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Group's exposure to interest rate risk arises primarily from its variable-rate borrowings. The Group's policy is to obtain the most favourable interest rates available without increasing its interest risk exposure.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Group and Trust Nominal amount	
	2021	**2020**
	$'000	**$'000**
Variable rate instruments		
Effect of borrowings	(349,211)	(489,005)
Interest rate swaps	196,831	196,831
	(152,380)	(292,174)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

29 Financial instruments (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis for variable rate instruments

For variable instruments, a change of 100 basis points in interest rates at the reporting date would impact profit or loss (before any tax effects) by the amount shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 bp increase $'000	**100 bp decrease $'000**
Group and Trust		
31 December 2021		
Variable rate instruments	(1,524)	1,524
31 December 2020		
Variable rate instruments	(2,922)	2,922

Capital management

The Manager's principal objectives are to deliver regular and stable distributions to Unitholders and to achieve sustainable long-term growth in distributions and in the net asset value per unit, while maintaining an appropriate capital structure. Capital consists of all components of equity of the Group.

The Group's capital funding objectives are to maintain a strong statement of financial position, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and implement appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure, after taking into account prevailing market conditions.

The Trust and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% (2020: 45.0%) of its Deposited Property. The MAS had proposed for S-REITs to have a new minimum interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%) with effective from 1 January 2022.

The Aggregate Leverage of the Group as at 31 December 2021 was 33.6% (2020: 49%) of its Deposited Property with an ICR of 5.4 times (2020: 3.6 times).

29 Financial instruments (cont'd)

The Manager monitors the level, nature of debt and leverage ratios, along with the compliance with financial covenants on quarterly basis to ensure that sufficient resources exist. The Group aims to maintain a healthy debt-to-adjusted capital ratio as part of its long-term policy of ensuring that the Group maintains a good credit rating and lowers its weighted average cost of capital. Net debt is calculated as total debt less cash and cash equivalents. Adjusted capital comprises all components of equity.

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Net debt:				
All external borrowings	349,211	489,005	349,211	489,005
Less: cash and cash equivalents	(51,203)	(19,292)	(35,137)	(10,738)
Net debt	298,008	469,713	314,074	478,267
Adjusted capital:				
Issued equity	481,450	353,466	481,450	353,466
Retained earnings/ (Accumulated losses)	104,874	48,510	(140,056)	(183,402)
Foreign exchange reserve	4,821	1,116	–	–
Perpetual securities	60,675	60,878	60,675	60,878
Adjusted capital	651,820	463,970	402,069	230,942
Debt-to-adjusted capital ratio	45.72%	101.24%	78.11%	207.09%

The only externally imposed capital requirement is that for the Trust to maintain its listing on the SGX-ST, it must have a free float of at least 10% of the units in issue. The Manager monitors the non-free float through reports provided by the registrar on a quarterly basis to ensure that the Trust has complied with the SGX-ST's 10% limit throughout the reporting year.

29 Financial instruments (cont'd)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Derivative financial instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2021								
Financial liabilities measured at fair value								
Derivative financial instruments								
– interest rate swaps	(673)	–	–	(673)	–	(673)	–	(673)
31 December 2020								
Financial liabilities measured at fair value								
Derivative financial instruments								
– interest rate swaps	(3,866)	–	–	(3,866)	–	(3,866)	–	(3,866)

29 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

Trust	Derivative financial instruments $'000	Financial assets at amortised cost $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2021								
Financial liabilities measured at fair value								
Derivative financial instruments – interest rate swaps	(673)	–	–	(673)	–	(673)	–	(673)
31 December 2020								
Financial liabilities measured at fair value								
Derivative financial instruments – interest rate swaps	(3,866)	–	–	(3,866)	–	(3,866)	–	(3,866)

30 Listing of entities in the Group

The following are the Group's subsidiaries:

Name of company	Principal activities	Country of incorporation	% of paid-up capital held by The Trust 2021 %	The Trust 2020 %	Subsidiaries 2021 %	Subsidiaries 2020 %
Subsidiaries						
Rhuddlan Investments Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Globalink Investments Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Great Capital Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Finura Investments Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Sriwijaya Investment I Pte. Ltd.	Investment holding	Singapore	100	100	–	–
IAHCC Investment Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Surabaya Hospitals Investment Pte. Ltd.	Investment holding	Singapore	100	100	–	–
SHKP Investment I Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Icon1 Holdings Pte. Ltd.	Investment holding	Singapore	100	100	–	–
SHLB Investment I Pte. Ltd.	Investment holding	Singapore	100	100	–	–
SHButon Investment I Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Raglan Investment Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Gold Capital Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Platinum Strategic Investments Pte. Ltd.	Investment holding	Singapore	100	100	–	–
GOT Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Lovage International Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Henley Investments Pte Ltd.	Investment holding	Singapore	100	100	–	–
Primerich Investments Pte Ltd.	Investment holding	Singapore	100	100	–	–
Kalmore Investments Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Icon1 Holdings Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Higrade Capital Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Ultra Investments Pte. Ltd.	Investment holding	Singapore	–	–	100	100

30 Listing of entities in the Group (cont'd)

Name of company	Principal activities	Country of incorporation	% of paid-up capital held by The Trust 2021 %	The Trust 2020 %	Subsidiaries 2021 %	Subsidiaries 2020 %
Subsidiaries						
Carmathen Investments Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Caernarfon Investments Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Glamis Investments Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Sriwijaya Investment II Pte. Ltd.	Investment holding	Singapore	–	–	100	100
SHKP Investment II Pte. Ltd.	Investment holding	Singapore	–	–	100	100
SHButon Investment II Pte. Ltd.	Investment holding	Singapore	–	–	100	100
SHLB Investment II Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Fortuna Capital Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Key Capital Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Kalmore (Korea) Limited [b]	Property holding – Sarang Hospital	South Korea	–	–	–	100
PT Bayutama Sukses [a]	Property holding – Siloam Hospitals Makassar	Indonesia	–	–	100	100
PT Graha Indah Pratama [a]	Property holding – Siloam Hospitals Kebon Jeruk	Indonesia	–	–	100	100
PT Graha Pilar Sejahtera [a]	Property holding – Siloam Hospitals Lippo Cikarang	Indonesia	–	–	100	100
PT Karya Sentra Sejahtera [a]	Property holding – Imperial Aryaduta Hotel & Country Club	Indonesia	–	–	100	100
PT Menara Abadi Megah [a]	Property holding – Siloam Hospitals Manado & Hotel Aryaduta Manado	Indonesia	–	–	100	100

30 Listing of entities in the Group (cont'd)

Name of company	Principal activities	Country of incorporation	% of paid-up capital held by The Trust 2021 %	The Trust 2020 %	Subsidiaries 2021 %	Subsidiaries 2020 %
Subsidiaries						
PT Primatama Cemerlang [(a)]	Property holding – Mochtar Riady Comprehensive Cancer Centre	Indonesia	–	–	100	100
PT Sentra Dinamika Perkasa [(a)]	Property holding – Siloam Hospitals Lippo Village	Indonesia	–	–	100	100
PT Tata Prima Indah [(a)]	Property holding – Siloam Hospitals Surabaya	Indonesia	–	–	100	100
PT Dasa Graha Jaya [(a)]	Property holding – Siloam Hospitals Bali	Indonesia	–	–	100	100
PT Eka Dasa Parinama [(a)]	Property holding – Siloam Hospitals Purwakarta	Indonesia	–	–	100	100
PT Sriwijaya Mega Abadi [(a)]	Property holding – Siloam Sriwijaya	Indonesia	–	–	100	100
PT Nusa Bahana Niaga [(a)]	Property holding – Siloam Hospitals Kupang & Lippo Plaza Kupang	Indonesia	–	–	100	100
PT Buton Bangun Cipta [(a)]	Property holding – Siloam Hospitals Buton & Lippo Plaza Buton	Indonesia	–	–	100	100
PT Prima Labuan Bajo [(a)]	Property holding – Siloam Hospitals Labuan Bajo	Indonesia	–	–	100	100
PT Perisal Dunia Sejahtera [(a)]	Property holding – Siloam Hospitals TB Simatupang	Indonesia	–	–	100	100
Joint operation held by subsidiary, Icon1 Holdings Pte. Ltd.						
PT Yogya Central Terpadu [(a)] (Note A)	Property holding – Siloam Hospitals Yogyakarta	Indonesia	–	–	31%	31%

30 Listing of entities in the Group (cont'd)

All subsidiaries are audited by KPMG LLP, Singapore except as indicated below:

[a] RSM Indonesia, member firm of RSM International, is the statutory auditors of entities.
[b] Disposed during 2021.

Note A

In 2017, the Trust and Lippo Malls Indonesia Retail Trust entered into a joint venture deed (the "Deed") to jointly own the Yogyakarta property through PT Yogya Central Terpadu ("PT YCT") subsequent to the approval of the relevant licenses. Icon1 Holdings Pte. Ltd. ("Icon1") transferred 18,850,000 of its existing Class A shares to Icon2 Investment Pte. Ltd. ("Icon2"). As a result, Icon1 holds 66,150,000,000 Class A shares and Icon2 holds 142,500,000,000 Class B shares in PT YCT. As holders of Class A shares, Icon1 has the exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the hospital component. Icon2 has exposure to all the economic rights, obligations, revenue, profits and dividends in respect of the retail mall component.

Any non-property-related common expenses of the hospital and retail mall component are borne by Icon1 and Icon2 in the proportion of 31% and 69% respectively. All property-related common expenses of the hospital component are borne by Icon1.

31 Subsequent events

There were the following events subsequent to the reporting date:

(i) On 28 January 2022, the Group has obtained Unitholders' approval for the proposed acquisition from a related party, OUE Lippo Healthcare Limited ("OUELH") of 100% of the issued and paid-up share capital of each of:

a) OUE Japan Medical Facilities Pte. Ltd. ("JMF"), which owns a 100% interest in 12 nursing homes located in Japan, for an aggregate purchase consideration of approximately $163.2 million (subject to post-completion adjustments) (the "JMF Acquisition"); and
b) OUELH Japan Medical Assets Pte. Ltd. for a purchase consideration of approximately $0.3 million (subject to post-completion adjustments).

The Group has also obtained Unitholders' approval on the proposed issue of 431,147,541 new units as partial consideration for the JMF Acquisition (the "Consideration Units") to OLH Healthcare Investments Pte. Ltd., which has been nominated by OUELH as the vendor of the 100% of the issued and paid-up share capital of JMF to receive the Consideration Units.

(ii) On 17 February 2022, the Trust issued 1,570,030 new units at the issuance price of $0.2985 per unit, amounting to $469,000, to the Manager as partial payment of management base fee for the period from 1 October 2021 to 31 December 2021. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

31 Subsequent events (cont'd)

(iii) On 17 February 2022, the Trust issued 1,732,556 new units at the issuance price of $0.2848 per unit, amounting to $493,000, to the Manager as payment of 50% of the management performance fee for the period from 1 October 2020 to 31 December 2020. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

32 Comparative information

The financial statements for the year ended 31 December 2020 were audited by another firm of Chartered Accountants whose report dated 24 March 2021 expressed an unmodified opinion on those statements.

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